
SUBORDINATE LOAN AGREEMENT
BY AND BETWEEN

HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA,

as Issuer

AND

BRADENTON LEASED HOUSING ASSOCIATES III, LLLP

as Borrower

Relating to:

[\$3,124,500]

HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA
SUBORDINATE MULTIFAMILY HOUSING REVENUE NOTE
(RIVER TRACE PROJECT), SERIES 2017C

Dated as of June 1, 2017

Except for certain reserved rights, the interest of the Housing Finance Authority of Manatee County, Florida in this Subordinate Loan Agreement has been pledged and assigned to River Oaks Housing Partners, Ltd., pursuant to an Assignment of Subordinate Mortgage and Loan Documents, dated June __, 2017.

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SUBORDINATE LOAN AGREEMENT

THIS SUBORDINATE LOAN AGREEMENT (this “Loan Agreement”) is made and entered into as of the 1st day of June, 2017, between the Housing Finance Authority of Manatee County, Florida (the “Issuer”), a public body corporate and politic, duly created and existing under and by virtue of the laws of the State of Florida (the “State”), and Bradenton Leased Housing Associates III, LLLP, a Minnesota limited liability limited partnership (the “Borrower”).

RECITALS:

WHEREAS, the Legislature of the State has enacted the Florida Housing Finance Authority Law, Sections 159.601 *et seq.*, Florida Statutes, as amended (the “Act”), pursuant to which the State has empowered each county in the State to create by ordinance a separate public body corporate and politic, to be known as a housing finance authority of the county for which it was created, for the purpose of alleviating a shortage of housing and creating capital for investment in housing in the area of operation of such housing finance authority; and

WHEREAS, pursuant to the Act, the Board of County Commissioners of Manatee County, Florida (the “County”), enacted Ordinance No. 79-6 on July 17, 1974, as amended by Ordinance No. 91-40 enacted by the County on May 7, 1991, creating the Housing Finance Authority of Manatee County, Florida to carry out and exercise all powers and public and governmental functions set forth in and contemplated by the Act; and

WHEREAS, the Act authorizes the Issuer: (a) to make loans to any person, or to purchase loans, including federally insured mortgage loans, in order to provide financing for residential rental developments located within the Issuer’s area of operations, which are to be occupied by persons of low, moderate, or middle income; (b) to issue its revenue bonds pursuant to the Act, for the purpose of obtaining money to make or to purchase such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, and receipts to be received by the Issuer from or in connection with such loans, and to mortgage, pledge, or grant security interests in such loans in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the Borrower has requested that the Issuer issue and deliver its Subordinate Multifamily Housing Revenue Note (River Trace Project), Series 2017C (the “Note”) in the original aggregate principal amount of [\$3,124,500] directly to River Oaks Housing Partners, Ltd., a Florida limited partnership (the “Lender”) in order to provide purchase money financing for the Borrower for a portion of the costs of the acquisition of a 178 unit multifamily rental housing development located at 2710 River Circle, Bradenton, Florida 34208 known as River Trace Apartments which the Borrower intends to acquire and rehabilitate; and

WHEREAS, pursuant to the Assignment of Subordinate Mortgage and Loan Documents (as defined below), the Issuer will assign to the Lender all its interest in and to this Loan Agreement (except for the Issuer’s rights to receive payment of certain items and indemnification); and

WHEREAS, the Borrower will execute and deliver to the Issuer a Subordinate Borrower Project Note, dated June __, 2017 (the “Borrower Subordinate Promissory Note”), a form of which is attached hereto as Exhibit C, and has further agreed to secure its obligations under this Loan Agreement and the Borrower Subordinate Promissory Note by a Subordinate Mortgage, Security Agreement, Fixture Financing Statement and Assignment of Leases and Rents of even date herewith from the Borrower to the Lender (the “Subordinate Mortgage”) pursuant to which the Borrower will grant a subordinate third mortgage lien on the Project, which Subordinate Mortgage will be assigned by the Issuer to the Lender pursuant to the Assignment of the Subordinate Mortgage and Loan Documents; and

NOW, THEREFORE, in consideration of the mutual agreements hereinafter contained, the parties agree as follows:

ARTICLE I DEFINITIONS AND INTERPRETATION

Section 1.01 Definitions. Unless the context otherwise requires, defined terms in the Recitals and elsewhere herein, and in any agreement supplemental hereto, shall have the meanings herein specified below, such definitions to be equally applicable to both the singular and plural forms of any of the terms defined:

“Administrative Limited Partner” has the meaning set forth in Section 9.12 hereof.

“Assignment of Subordinate Mortgage and Loan Documents” means the Assignment of Subordinate Mortgage and Loan Documents, dated as of June __, 2017 from the Issuer to the Lender assigning the Issuer’s right, title and interest in the Subordinate Mortgage, the Borrower Subordinate Promissory Note and this Loan Agreement to the Lender.

“Authorized Borrower Representative” means any person at the time designated to act on behalf of the Borrower by written certificate furnished to the Issuer and the Lender, containing the specimen signature of such person and signed on behalf of the Borrower. Such certificate may designate an alternate or alternates.

“Authorizing Resolution” means the resolution of the Issuer adopted by the Board on June 13, 2017, authorizing the issuance and sale of the Note, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

“Available Cash Flow” means Net Cash Flow remaining after payment of amounts payable pursuant to Section 11.03(b)(i) through [11.03(b)(vi)] [under discussion] of the Limited Partnership Agreement.

“Board” means the governing body of the Issuer.

“Bond Year” means any twelve month period ending on the anniversary of the Closing Date; except as provided in the Tax Certificate.

“Borrower” means, Bradenton Leased Housing Associates III, LLLP, a Minnesota limited liability limited partnership, its successors and assigns.

“Borrower Documents” means this Loan Agreement, the Borrower Subordinate Promissory Note, the Subordinate Mortgage, the Regulatory Agreement, and the Fee Guaranty and Environmental Indemnity.

“Certificate” means a certification in writing required or permitted of Borrower by the provisions of the this Loan Agreement or the other Subordinate Loan Documents, signed and delivered to the Lender or other proper person or persons. If and to the extent required by the provisions of hereof, each Certificate shall include the statements provided for in Section 1.02.

“Closing Date” means June __, 2017, the date of issuance and initial delivery to the Lender of the Note as provided in Section 3.01 hereof.

“Code” means the Internal Revenue Code of 1986, as amended and Treasury Regulations promulgated thereunder.

“Computation Date” means the end of the fifth Bond Year, every fifth anniversary thereafter, and the date on which all principal of and interest on the Note are finally paid.

“Default” means default in the performance or observance of any of the covenants, agreements or conditions on the part of the Borrower contained in the Note, this Loan Agreement or any of the other Subordinate Loan Documents, exclusive of any notice or period of grace required for a default to constitute an “Event of Default” as hereinafter provided.

“Determination of Taxability” means the issuance of a statutory notice of deficiency by the Internal Revenue Service, or a ruling of the National Office or any District Office of the Internal Revenue Service, or a final decision by any court of competent jurisdiction, to the effect that interest on the Note is includable in the gross income of the recipient (other than a person who is a “substantial user” of the Project Facilities or a “related person” under Section 147 of the Code), and regulations thereunder, provided that the period, if any, for contest or appeal of such action, ruling or decision has expired without any such contest or appeal having been properly instituted or, if instituted, such contest or appeal has been unsuccessfully concluded.

“Event of Default” means an Event of Default described in Section 8.01 hereof, which has not been cured.

“Fee Guaranty and Environmental Indemnity” means the Fee Guaranty and Environmental Indemnity Agreement among the Issuer, the Borrower and Bradenton Leased Housing Associates III, LLC, Dominion Holdings I, LLC, Dominion Holdings II, LLC, each a Minnesota limited liability company (collectively with the Borrower, the “Guarantors”) dated as of June __, 2017.

“Fiscal Agent” means U.S. Bank National Association acting in such capacity and its successors and assigns.

“Funding Loan Agreement” means that certain Funding Loan Agreement dated as of June 1, 2017 by and among the Issuer, the Initial Funding Lender and the Fiscal Agent and pursuant to which the funding for the Senior Loans was made available.

“Governmental Lender Fee” means (i) the financing fee in the amount of 25 basis points times the maximum Funding Loan Amount (as such term is defined in the Funding Loan Agreement) and the initial principal amount of the Note, to be paid on or before the date of issuance of the Note (the “Delivery Date”), and (ii) the annual program administration fee owed to the Governmental Lender by the Borrower, accruing from the Delivery Date, payable in arrears in semiannual installments on each January 1 and July 1 commencing January 1, 2018, equal to 20 basis points per annum of the initial aggregate principal amount of the Funding Loan and the initial aggregate principal amount of the Note; provided, that such Governmental Lender Fee does not include amounts due, if any, for extraordinary services and expenses of the Governmental Lender.

“Holder” or “Noteholder” or “Owner” means the person or persons in whose name the Note shall be registered.

“Independent,” when used with reference to an attorney, engineer, architect, certified public accountant, or other professional person, means a person who (i) is in fact independent, (ii) does not have any material financial interest in the Borrower or the transaction to which his Certificate or opinion relates (other than the payment to be received for professional services rendered), and (iii) is not connected with the Issuer or the Borrower as an officer, director or employee.

“Independent Counsel” means an Independent attorney duly admitted to practice law before the highest court of any state.

“Initial Funding Lender” means JP Morgan Chase Bank, N.A.

“Investor Limited Partner” has the meaning set forth in Section 9.12 hereof.

“Issuer Documents” means this Loan Agreement, the Regulatory Agreement and the Assignment of Subordinate Mortgage and Loan Documents.

“Land” means the Land described in Exhibit A to the Subordinate Mortgage, as amended from time to time, constituting the site on which the Project Buildings are located.

“Lender” means River Oaks Housing Partners, Ltd., a Florida limited partnership, and any successor or assign.

“Limited Partnership Agreement” means that certain Amended and Restated Agreement of Limited Liability Limited Partnership of the Borrower, dated as of June __, 2017, as the same may be amended from time to time.

“Loan” means the loan from the Issuer to the Borrower made pursuant to this Loan Agreement.

“Loan Agreement” means this Subordinate Loan Agreement, dated as of June 1, 2017, between the Issuer and the Borrower, as amended or supplemented from time to time.

“Loan Repayments” means the payments made or to be made by the Borrower pursuant to Section 5.01.

“Maturity Date” means the earlier of (i) June __, [2052] or (ii) an acceleration of the payment, in full, of the then-outstanding principal of the Note plus the unpaid interest thereon pursuant to the terms of this Loan Agreement, the Note, the Subordinate Mortgage, or any other document relating to the Loan.

“Mortgaged Property” means the Mortgaged Property as defined in the Subordinate Mortgage.

“Net Cash Flow” has the meaning provided in the Limited Partnership Agreement.

“Note” means the Issuer’s Subordinate Multifamily Housing Revenue Note (River Trace Project), Series 2017C in the original principal amount of [\$3,124,500].

“Opinion of Counsel” means a written opinion of counsel (who need not be Independent Counsel unless so specified) appointed by the Borrower or the Issuer. If and to the extent required by the provisions of Section 1.02 hereof, each Opinion of Counsel shall include the statements provided for in said Section 1.02.

“Outstanding” when used as of any particular time with reference to the Note, means the then outstanding principal balance of the Note theretofore executed and delivered under the Authorizing Resolution, but excepting any Note in lieu of or in substitution for which another Note shall have been executed and delivered pursuant to the terms of the Authorizing Resolution.

“Permitted Lender” means an “accredited investor” or “qualified institutional buyer” under Rule 144A promulgated under the Securities Act of 1933.

“Person” means any natural person, corporation, joint venture, cooperative, partnership, trust or unincorporated organization, government or governmental body or agency, political subdivision or other legal entity, as in the context may be appropriate.

“Project” means the Project described in Section 1.03 hereof

“Project Buildings” means the buildings located at 2710 River Circle, Bradenton, Florida 34208 known as River Trace Apartments, which will be acquired and owned by the Borrower.

“Project Facilities” means the Project Buildings and the Land.

“Rebate Amount” means, with respect to a Rebate Payment Date, the amount which would be required to be paid as rebate with respect to Note under Section 148(f) on the Code if the Note were finally paid on the related Computation Date.

“Rebate Payment Date” means each date on which any Rebate Amount then due is paid to the United States of America pursuant to Section 148(f) of the Code.

“Redeem” or “redemption” means and includes “prepay” or “prepayment” as the case may be.

“Regulatory Agreement” means the Land Use Restriction Agreement, dated as of June 1, 2017, among the Issuer, the Borrower and U.S. Bank National Association, as fiscal agent, as amended or supplemented from time to time.

“Sale or Refinancing Transaction Proceeds” means amounts payable on the Note pursuant to Section 11.04 of the Limited Partnership Agreement.

“Senior Loan Documents” means all instruments and documents evidencing or securing the Senior Loans.

“Senior Loan Notes” means the Issuer’s Multifamily Housing Revenue Note (River Trace Project), Series 2017A and Taxable Multifamily Housing Revenue Note (River Trace Project), Series 2017B issued to the Initial Funding Lender.

“Senior Loans” means the loan of the proceeds of the Senior Loan Notes to the Borrower.

“Subordinate Loan Documents” means the Issuer Documents and the Borrower Documents.

“Subordinate Mortgage” means the Subordinate Mortgage, Security Agreement, Fixture Financing Agreement and Assignment of Leases and Rents, dated as of June __, 2017, from the Borrower to the Lender, as amended or supplemented from time to time.

“Tax Certificate” has the same meaning of such term in the Funding Loan Agreement.

“Tax-Credit Investor” means RBC Tax Credit Equity, LLC, and its successors and assigns.

Section 1.02 Characteristics of Certificate or Opinion. Every Certificate or opinion with respect to compliance with a condition or covenant provided for in this Loan Agreement or the other Subordinate Loan Documents shall include: (a) a statement that the person or persons making such Certificate or opinion have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such Certificate or opinion are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such Certificate made or given by an officer of the Borrower or the Issuer may be based, insofar as it relates to legal matters, upon an opinion of counsel, unless such an officer knows that the opinion with respect to the matters upon which his certificate or opinion may be based as aforesaid are erroneous, or, in the exercise of reasonable care, should have known that the same were erroneous. Any such opinion made or given by counsel may be based (insofar as it relates to factual matters or information which is in the possession of the Issuer or the Borrower)

upon the certificate or opinion of or representations by an officer of the Borrower or the Issuer, unless such counsel knows that the Certificate or opinion or representations with respect to the matters upon which the opinion may be based as aforesaid are erroneous, or, in the exercise of reasonable care, should have known that the same were erroneous.

Section 1.03 Description of Project. The term “Project” refers to the acquisition, renovation and equipping of the existing 178 unit multifamily rental housing project located at 2710 River Circle, Bradenton, Florida 34208 and existing 40 single family homes located at 144 9th Street, Circle E, Bradenton, Florida 34205, collectively referred to as the River Trace Project which will be acquired and owned by the Borrower.

Section 1.04 Additional Provisions as to Interpretation. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Loan Agreement; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Loan Agreement as a whole and not any particular Article, Section or subdivision hereof.

Any terms defined in any other Borrower Documents or Issuer Documents but not defined herein shall have the same meaning herein unless the context hereof clearly requires otherwise.

ARTICLE II REPRESENTATIONS

Section 2.01 Representations by the Issuer. The Issuer makes the following representations as the basis for its undertakings herein: The Issuer is a public body corporate and politic, duly created and existing by virtue of the laws of the State and is authorized to issue the Note to finance the Project pursuant to the Act.

(b) In authorizing the Project, the Issuer’s purpose is to promote the public welfare by continuing to provide residential housing within the meaning of the Act and assisting persons within the State to obtain decent, safe and sanitary housing at rentals they can afford; and facilitating the development of rental housing opportunities for residents of the Issuer.

(c) A public hearing on the proposal to finance the Project was called and held on November 17, 2016, at which time all persons who appeared were given an opportunity to express their views with respect to the proposal to undertake and finance the Project.

(d) The Issuer has duly authorized the execution and delivery of the Issuer Documents.

(e) The issuance and sale of the Note and the execution, delivery and performance of the Issuer Documents by the Issuer have been duly authorized by resolutions of the Board, including the Authorizing Resolution, duly adopted at a meeting of the Board by a vote of the requisite majority of its members.

(f) To the actual knowledge of the Issuer officials, there is no litigation pending or, without inquiry, threatened questioning the authority of the Issuer to issue the Note,

the authority of the Issuer to execute and deliver the Issuer Documents, the tax-exempt status of interest on the Note, or the authority of any member of the Board or other officer or employee of the Issuer to hold office or take part in any of the transactions contemplated hereby.

Section 2.02 Representations, Warranties and Covenants of the Borrower. The Borrower represents, warrants and covenants as follows:

(a) The Borrower is a limited liability limited partnership duly created under the laws of the State of Minnesota, is in good standing and duly authorized to conduct its business in the State of Florida and all other states where its activities require such authorization, has power to enter into the Borrower Documents and to use the Project for the purpose set forth in this Agreement and Regulatory Agreement and by proper partnership action has authorized the execution and delivery of the Borrower Documents.

(b) The execution and delivery of the Borrower Documents, the consummation of the transactions contemplated thereby, and the fulfillment of the terms and conditions thereof do not and will not conflict with or result in a breach of any of the terms or conditions of the Limited Partnership Agreement and other organizational documents, any restriction or any agreement or instrument to which the Borrower is now a party or by which it is bound or to which any property of the Borrower is subject, and do not and will not constitute a default under any of the foregoing or a violation of any order, decree, statute, rule or regulation of any court or of any state or federal regulatory body having jurisdiction over the Borrower or its properties, including the Project, and do not and will not result in the creation or imposition of any lien, charge or encumbrance of any nature upon any of the property or assets of the Borrower contrary to the terms of any instrument or agreement to which the Borrower is a party or by which it is bound.

(c) The design and plan of the Project comprise a housing development as contemplated by the Act, specifically a development designed to be affordable by persons and families with adjusted gross income not in excess of the limits set forth in the Act and the Regulatory Agreement; and subject to the other provisions of this Agreement, it is presently intended and reasonably expected that the equipment purchased from the proceeds of the Note will be permanently located and exclusively used on the Land and that the Borrower will operate the Project buildings on the Land throughout the term of this Agreement in the normal conduct of the Borrower's business;

(d) The Note is issued within the exemption provided under Section 142(d) of the Code with respect to qualified residential rental projects; and "substantially all" of the proceeds of the Note will be used for expenditures chargeable to the capital account of the Project;

(e) There is public access to the Project; and, as of the date hereof, and to the Borrower's knowledge, the use of the Project as designed and proposed to be operated complies, in all material respects, with all presently applicable development, pollution control, water conservation and other laws, regulations, rules and ordinances of the federal government and the State and the respective agencies thereof and the political subdivisions in which the Project is located. All necessary and material approvals of and licenses, permits, consents and franchises

from federal, state, county, municipal or other governmental authorities having jurisdiction over the Project have been, or will be, obtained to acquire, construct, install, and operate the Project and the Borrower has obtained all necessary approvals to enter into, execute and perform its obligations under the Borrower Documents.

(f) The proceeds of the Note and the Senior Loans, together with any other funds to be contributed to the Project by the Borrower, loaned to the Borrower or otherwise in accordance with this Agreement and the Senior Loan Documents, will be sufficient to pay the cost of acquiring and renovating the Project, and all costs and expenses incidental thereto, and the proceeds of the Note will be used only for the purposes contemplated hereby and allowable under the Act.

(g) The Borrower is not in the trade or business of selling properties such as the Project and is acquiring the Project for investment purposes only or otherwise for use by the Borrower in its trade or business, and therefore the Borrower has no intention now or in the foreseeable future to voluntarily sell, surrender or otherwise transfer, in whole or part, its interest in the Project, except as permitted by Section 6.08 hereof.

(h) There are no actions, suits, or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any property of the Borrower in any court or before any federal, state, municipal or other governmental agency, which, if decided adversely to the Borrower would have a material adverse effect upon the Borrower or upon the business or properties of the Borrower; and the Borrower is not in default with respect to any order of any court or governmental agency.

(i) The Borrower is not in default in the payment of the principal of or interest on any indebtedness for borrowed money nor in default under any instrument or agreement under and subject to which any indebtedness for borrowed money has been issued.

(j) The Borrower has filed all federal and state income tax returns which, to the knowledge of the officers of the Borrower, are required to be filed and has paid all taxes shown on said returns and all assessments and governmental charges received by the Borrower to the extent that they have become due.

(k) To the Borrower's knowledge, no public official of the Issuer has a conflict of interest arising from this Agreement nor will any public official either directly or indirectly benefit financially from this Agreement.

ARTICLE III

ISSUANCE OF NOTE; LOAN OF PROCEEDS

Section 3.01 Issuance of Note by Issuer. The Issuer will issue the Note as provided in the Act and the Authorizing Resolution and will deliver the Note to the Lender to evidence the obligation to pay a portion of the purchase price of the Project. The Lender will receive the Note on the Closing Date, upon satisfaction of the terms and conditions set forth in Section 3.03 (the "Closing"). The proceeds of the Note are considered to be loaned to the Borrower as provided in Section 3.02 of this Loan Agreement.

The Issuer will issue the Note in the authorized original aggregate principal amount of [\$3,124,500], consisting of a single fully registered note, numbered RC-1, of even date herewith, substantially in the form and containing the terms and provisions set forth in Exhibit A hereto. The Note matures on the Maturity Date and will bear interest at the rates set forth in the Note and will be repaid in accordance with the Note.

Notwithstanding anything contained in this Subordinate Loan Agreement or the Note to the contrary, the Note may be transferred only to Permitted Lenders upon delivery by the transferee of an executed certificate in the form attached hereto as Exhibit B. This Note has not been, and will not be, registered under any federal or state securities laws, must be held for investment purposes only, and may be transferred only if an exemption from registration is available.

Section 3.02 Loan of Proceeds. The Issuer hereby lends to the Borrower the entire gross proceeds of the Note, which loan is evidenced by the Issuer's direct delivery of the Note to the Lender, on the Borrower's behalf. The obligation of the Borrower to repay the Loan, together with interest thereon shall become effective immediately upon the Issuer's delivery of the Note to the Lender and shall be evidenced by and be repayable as set forth in the Note.

Section 3.03 Conditions to the Closing. The obligation of the Lender to take delivery of, and the Issuer to deliver, the Note under Section 3.01 is conditioned upon delivery to the Lender and the Issuer on the Closing Date of the following:

- (a) An opinion of Greenberg Traurig, P.A. as Note Counsel, and an opinion of counsel to the Borrower, each in form and substance satisfactory to the Issuer and the Lender;
- (b) Certified copy of the Authorizing Resolution;
- (c) The executed Note, Assignment of Subordinate Mortgage and Loan Documents and executed counterparts of this Loan Agreement, the Subordinate Mortgage, the Fee Guaranty and Environmental Indemnity, and the Regulatory Agreement;
- (d) Copy of the Tax Certificate;
- (e) Reserved;
- (f) An executed Lender Investor Certificate in the form attached hereto as Exhibit B;
- (g) Executed financing statements under the Uniform Commercial Code of the State, as the Lender may deem necessary or desirable in order to perfect the security interests granted by the Issuer and the Borrower to secure the Note, and completed requests for information, dated on or before the Closing Date, as to effective financing statements filed in all filing offices in which the financing statements shall have been filed;
- (h) A title insurance policy insuring the Lender's interest under the Subordinate Mortgage, in form and substance satisfactory to the Lender; and

(i) All other documents or certificates the Lender may reasonably request relating to the existence and good standing of the Borrower, the legal authority for and the due execution and validity of the Note, the Authorizing Resolution, this Loan Agreement and the other Subordinate Loan Documents, and the tax-exempt status of interest on the Note for Federal income tax purposes and all other relevant matters, all in form and substance satisfactory to the Lender.

ARTICLE IV ACQUISITION AND RENOVATION OF THE PROJECT; APPLICATION OF PROCEEDS

Section 4.01 Agreement to Acquire and Renovate the Project. On the Closing Date the Borrower will acquire fee title to the Project. The Note will be delivered to the Lender to evidence the obligation to pay a portion of the purchase price of the Project.

Section 4.02 Borrower Required to Provide Funds in Event Note Proceeds Insufficient. The Issuer and the Lender make no warranty, either express or implied, that the moneys which under the terms hereof will be available for payment of costs of the Project will be sufficient to pay such costs. The Borrower agrees that it shall pay or cause to be paid all costs of the Project and that to the extent such costs of the Project exceed the available amount of Note proceeds, that it shall not be entitled to any reimbursement therefor from the Issuer or the Lender, nor shall it be entitled to any diminution in or postponement of payments to be made under any provision hereof.

ARTICLE V LOAN REPAYMENTS AND OTHER PAYMENTS

Section 5.01 Repayment of Loan.

(a) The Borrower covenants and agrees to repay the Loan, together with interest, in Loan Repayments which shall be made at times and in amounts sufficient to pay, in full and when due, all principal and interest on the Note (whether due upon maturity, redemption, mandatory prepayment or acceleration) at the time and amounts set forth in the Note. Such payments by the Borrower under this Section shall be made directly by the Borrower to the Lender in such coin or currency of the United States of America as may be legal tender for the payment of public and private debts. The Borrower shall furnish to the Issuer, if the Issuer so requests, the advice of transmittal of such payments at the time of transmittal of payment. All payments under this Section 5.01 shall be Loan Repayments.

(b) The Borrower covenants and agrees to pay the Loan Repayments due hereunder solely from Available Cash Flow and Sale or Refinancing Transaction Proceeds (except for the Loan Repayment that is the payment due on the Maturity Date which shall be payable from any funds of the Borrower). Except for the Loan Repayment due on the Maturity Date, the obligation to make Loan Repayments is subject to the availability of Available Cash Flow or Sale or Refinancing Transaction Proceeds, and it shall not be an event of default under this Loan Agreement to the extent that failure to make a Loan Repayment is due to lack of Available Cash Flow or Sale or Refinancing Transaction Proceeds. Subject to the preceding

sentence, in the event the Borrower shall fail to make any Loan Repayment as required by this Section, the payment not made shall continue as an obligation of the Borrower until the amount not paid shall have been fully paid, and the Borrower agrees to pay the same with interest thereon, which interest shall also constitute an obligation of the Borrower. To the extent permitted by law, interest on any overdue payment required hereby shall be paid at the default rate of interest rate set forth in the Note.

Section 5.02 Additional Payments. In addition to the Loan Repayments, the Borrower shall pay to, or at the direction of, the Issuer or the Lender, when due and at the times requested by the Issuer or the Lender, as applicable, the Governmental Lender Fee and amounts sufficient to pay in full all reasonable out-of-pocket expenses and costs of the Issuer and the Lender incurred in the issuance and payment of the Note and the making and collection of the Loan, including: (i) all costs incurred in connection with the purchase, transfer, registration, exchange, or redemption of the Note; (ii) the fees and other costs incurred for services of such engineers, architects, attorneys, management consultants, accountants, and other consultants as are employed by the Issuer or the Lender to make examinations or reports, provide services, or render opinions required or permitted by this Loan Agreement; (iii) all costs reasonably incurred by the Issuer or the Lender in the enforcement of the Note, the Borrower Subordinate Promissory Note or this Loan Agreement; (iv) all costs of issuing the Note; and (v) all Rebate Amounts.

Section 5.03 No Set-Off; Borrower's Obligations Unconditional. The obligation of the Borrower to make the payments and to perform and observe the other agreements on its part contained herein, in the other Subordinate Loan Documents and in the Borrower Subordinate Promissory Note shall be absolute and unconditional. So long as any principal of the Note or the Borrower Subordinate Promissory Note is outstanding, the Borrower will pay without abatement, diminution or deduction (whether for taxes or otherwise) all Loan Repayments required to be paid hereunder, regardless of any cause or circumstance whatsoever including, without limiting the generality of the foregoing: any defense, setoff, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Lender or any other holder of the Note or any other person; any failure of the Issuer to perform any covenant or agreement contained herein or in any other agreement between the Issuer or any Noteholder and the Borrower; any indebtedness or liability at any time owing to the Borrower by the Issuer, the Lender or any other Noteholder or any other person; any acts or circumstances that may constitute failure of consideration; damage to or condemnation of the Project Facilities; eviction by paramount title; commercial frustration of purpose; bankruptcy or insolvency of the Issuer, or the Lender; enforcement of any of the other Subordinate Loan Documents; any change in the tax or other laws of the United States of America or of any State or any political subdivision of either, or any failure of the Issuer or the Lender to perform and observe any agreement, whether express or implied, or any duty, liability or obligation, arising out of or connected with this Loan Agreement, the other Subordinate Loan Documents or the Authorizing Resolution.

Section 5.04 Option to Prepay Loan. The Borrower shall have the option to prepay the Loan and cause to be redeemed the Borrower Subordinate Promissory Note and the Note, in whole or in part, upon the terms set forth in the Borrower Subordinate Promissory Note and the Note, and subject to the terms and conditions of the Subordination Agreement. Any partial prepayment of the Borrower Subordinate Promissory Note and the Note shall be applied first to

accrued interest and then to reduce the outstanding principal balance of the Borrower Subordinate Promissory Note and the Note.

In the event the Borrower elects to prepay the Loan, the Borrower shall cause to be given in the name of the Issuer due notice of redemption or prepayment of the Borrower Subordinate Promissory Note and the Note as required by the provisions thereof, and shall pay the redemption price when due to the Lender. The Issuer hereby authorizes the Borrower to give all required notices of prepayment of the Note.

Section 5.05 Tax-Exempt Status of Interest on the Note. It is the intention of the parties hereto that the interest paid on the Note will not be included in the gross income of the recipients of said interest by reason of Section 103 and related Sections of the Code. In order to confirm and carry out such intention:

(a) The Borrower shall (i) provide such Certificates of the Authorized Borrower Representative, Opinions of Counsel, and other evidence as may be necessary or reasonably requested by the Issuer, the Lender or any Holder to establish the exemption of interest on the Note under Section 103 and related Sections and the absence of arbitrage expectation under Section 148 of the Code, and (ii) file such information and statements, acting alone or with the Issuer, with the Internal Revenue Service, as may be required from the Borrower or the Issuer to establish or preserve such exemption or as may be required by Section 103 and related Sections of the Code, regulations thereunder and related provisions of law or regulation.

(b) If the Lender shall be given notice of a proposed deficiency by the Internal Revenue Service, based upon a proposed Determination of Taxability, or if a responsible officer of the Lender shall have actual knowledge of a proposed ruling by the Internal Revenue Service to the effect that interest on the Note is includable in the gross income of the Holder, the Lender shall give notice to the Borrower and the Issuer of such proposed deficiency or ruling as promptly as possible and permit the Borrower, to the extent reasonably possible, to participate in contesting any such proposed deficiency or ruling. Any expenses incurred by the Borrower, the Issuer or by any Holder at the request of the Borrower in connection with such contest shall be paid by the Borrower. Notwithstanding the foregoing, the Holder shall have the right to control all proceedings before the Internal Revenue Service and any judicial proceedings relating to taxability of interest on the Note received by the Holder, including the compromise of claims in such proceedings and abandonment of rights to appeal.

(c) If there shall occur a Determination of Taxability, the interest rate on the Borrower Subordinate Promissory Note shall be adjusted as set forth in the Note.

(d) The Borrower hereby acknowledges and confirms its obligations under Section 148 of the Code. If the Borrower shall fail to pay the full amount of any Rebate Amount required to be paid by the Borrower when such deposit is due, the Lender may make payment to the United States, and such payment shall be an advance under Section 8.05 of this Loan Agreement. In construing the Borrower's obligations hereunder, all terms used in this paragraph (d) shall have the meanings provided in said Section 148 of the Code and regulations thereunder.

The Borrower agrees to make all required rebate payments to the United States, as and when required.

ARTICLE VI USE OF FACILITIES

Section 6.01 Use of Project Facilities. The Borrower will use the Project Facilities only in furtherance of its lawful purposes and will use and operate the Project Facilities, to the extent financed by the proceeds of the Note, only as an authorized project under the Act and as permitted under the Code.

The Borrower will not knowingly use or knowingly permit any person to use the Project Facilities for any use or purpose in violation of the laws of the United States or the State, and agrees to comply with all material requirements of applicable laws, regulations and statutes of the State or other governmental authority having jurisdiction over the Project Facilities. The Borrower shall have the right to contest by appropriate legal proceedings, without cost or expense to the Issuer, the validity of any law, ordinance, order, rule, regulation or requirement of the nature herein referred to.

Section 6.02 Maintenance and Possession of Project Facilities by Borrower; Operating Expenses; Ownership of Project Facilities. The Borrower agrees that so long as the Note is outstanding, the Borrower will keep the Project Facilities in good repair and good operating condition at its own cost, ordinary depreciation excepted, making such repairs and replacements as are reasonably necessary. The Borrower will pay or cause to be paid all expenses arising from the operation and maintenance of the Project Facilities. The Borrower shall at all times use the Project Facilities only in furtherance of its lawful corporate purposes; provided, however, that so long as the exemption from taxation of interest on the Note is not adversely affected, nothing herein contained shall be construed (i) to prevent it from ceasing to operate any portion of the Project Facilities, if in its reasonable judgment (evidenced, in the case of such a cessation other than in the ordinary course of business, by a determination by its governing body) it is advisable not to operate the same, or (ii) to obligate it to retain, preserve, repair, renew or replace any portion of the Project Facilities, leases, rights, privileges or licenses no longer used or, in the judgment of its governing body, useful in the conduct of its business.

Section 6.03 Liens. The Borrower will pay or cause to be paid all utility charges and other charges arising from its operations at the Project Facilities which, if unpaid, would become a lien on the Project Facilities and will not permit any lien or encumbrance to be established or to remain unsatisfied against (a) the Mortgaged Property, except as permitted by the Subordinate Mortgage or Section 6.08 hereof, and (b) the Project Facilities, other than the Mortgaged Property. The Borrower may in good faith contest any such lien filed or established against the Project Facilities, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom.

Section 6.04 Taxes and Other Governmental Charges. The Borrower will pay, as the same respectively become due and before penalty attaches, any taxes, license fees and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the operation of the Project Facilities. The Borrower may, at its

expense in good faith contest any such taxes, assessments, license fees and other governmental charges by appropriate proceedings and, in the event of any such contest, may permit the taxes, assessments, license fees or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom if funds sufficient to satisfy the contested amount have been deposited in an escrow account satisfactory to the Lender.

Section 6.05 Insurance. So long as the Note is Outstanding, the Borrower agrees at all times to keep the Mortgaged Property insured as required by the Subordinate Mortgage, and so long as the Senior Loans are outstanding, the Senior Loan Documents.

Section 6.06 Damage; Destruction or Condemnation: Application of Insurance and Award Proceeds. In the event of damage to or destruction of the Project Facilities from any cause whatsoever or any taking of the Project Facilities, or any part thereof, whether directly or indirectly or temporarily or permanently, in or by condemnation or other eminent domain proceedings, except for any award or payment made for relocation benefits (hereinafter called a "Taking"), the Borrower agrees to repair or replace all Project Facilities and apply any insurance proceeds or proceeds of any Taking as required by the Subordinate Mortgage, subject, however, to the requirements of the Senior Loan Documents.

Section 6.07 Reserved.

Section 6.08 Senior Loan Refinancing. The Lender shall not unreasonably withhold consent and agrees to subordinate to a refinancing of the Senior Loans with a new permanent mortgage loan if (i) the new loan is on commercially reasonable terms and (ii) will not exceed in principal amount the balance due on the respective Senior Loan being refinanced plus (a) reasonable financing costs, (b) reasonable repairs and improvements to the Project, and (c) any other purposes approved by the Lender. The Borrower shall submit to the Lender no later than one (1) month prior to the maturity date of the respective Senior Loan a loan commitment letter for the proposed refinancing and draft loan documents for the Lender's review. The Lender shall not unreasonably withhold consent to the refinancing loan, the loan commitment letter, and the loan documents (and will execute a commercially reasonable subordination agreement for the refinancing lender's benefit) if (i) the loan and the loan documents (including any subordination agreement) satisfy the requirements set forth in the preceding sentence, (ii) the loan documents shall provide for the use of insurance proceeds for restoration in the event of casualty loss, and (iii) the loan documents shall allow the Lender reasonable rights to notice and opportunity to cure defaults by the Borrower.

ARTICLE VII SPECIAL COVENANTS

Section 7.01 No Warranty of Condition or Suitability; Indemnification.

(a) The Issuer does not make any warranty, either express or implied, as to the design or capacity of the Project Facilities, as to the suitability for operation of the Project Facilities or as to the condition of the Project Facilities or that the Project Facilities will be suitable for the Borrower's purposes or needs. The Borrower releases the Issuer from, agrees that the Issuer shall not be liable for, and agrees to hold the Issuer, its Board and respective officers

and employees of the Issuer, harmless against, any claim, cause of action, suit or liability for any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project Facilities or the use thereof, except such loss, damage or injury as results from the gross negligence or willful misconduct of the Issuer.

(b) The Borrower will indemnify, defend and hold harmless the Issuer and its officers, commissioners, employees and agents (the “Indemnified Parties”) from and against any and all claims by or on behalf of any person, firm, corporation or other legal entity arising from the conduct, operation or management of, or from, any work or thing done on the Project during the term of this Agreement, including, without limitation, (i) any condition of the Project; (ii) any breach or default on the part of the Borrower in the performance of any of its obligations under this Agreement; (iii) any act of negligence of the Borrower or of any of its agents, contractors, servants, employees or licensees or (iv) any act of negligence of any assignee or lessee of the Borrower, or of any agents, contractors, servants, employees or licensees of any assignee or lessee of the Borrower. The Borrower shall indemnify and save the Lender and the Issuer harmless from any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon, and upon notice from the Lender or the Issuer, the Borrower shall defend them or either of them in any such action or proceeding, except such indemnification, defense and hold harmless provision shall not apply with respect to losses, claims, damages or liabilities arising out of the Indemnified Parties’ or Lender’s gross negligence or willful misconduct.

(c) The Borrower agrees to indemnify, defend and hold harmless the Indemnified Parties against any and all losses, claims, damages or liability to which the Indemnified Parties may become subject under any law in connection with the issuance and sale of the Note, the carrying out of the transactions contemplated by this Agreement or the Note, the conduct of any activity in connection with the Project, including claims for which the Indemnified Parties may be or may be claimed to be liable, and to reimburse the Indemnified Parties for any out-of-pocket legal and other expenses (including reasonable counsel fees) incurred by the Indemnified Parties in connection with investigating any such losses, claims, damages or liabilities, or in connection with defending any actions relating thereto, and as a result of the Issuer’s compliance with an audit, random or otherwise, by the Internal Revenue Service in connection with the Project or the Note, except such indemnification, defense and hold harmless provision shall not apply with respect to losses, claims, damages or liabilities arising out of the Indemnified Parties’ or Lender’s gross negligence or willful misconduct. The Indemnified Parties agree, at the request and expense of the Borrower, to cooperate in the making of any investigation in defense of any such claim and promptly to assert any or all of the rights and privileges and defenses identified in writing by the Borrower which may be available to the Indemnified Parties. These provisions shall survive payment of the Note and termination of this Agreement.

(d) Promptly upon written notice received from the Borrower from any Indemnified Party or parties of any claim or the commencement of any action or proceeding specified in the preceding paragraph, the Borrower will at the request of such Indemnified Party or parties, assume the investigation and defense of such action or proceeding including the employment of counsel satisfactory to such Indemnified Parties and the payment of the fees and disbursements of such counsel. In the event that any Indemnified Party or parties shall determine,

in the exercise of their reasonable judgment, that there exists a conflict of interest by reason of having a common counsel with the Borrower or with any other Indemnified Party, or if the Borrower elects not to defend the action with respect to any or all Indemnified Parties, then each such Indemnified Party may employ separate counsel satisfactory to the Borrower to represent or defend it in any such action or proceeding in which it may become involved or is named as defendant and the Borrower will pay as incurred the fees and disbursements of such counsel. The Borrower also agrees to notify all Indemnified Parties promptly of the assertion against it or any of its officers, directors, partners, employees or agents, as the case may be, of any claim or the commencement of any action or proceeding arising from any act or omission of the Borrower or any of its agents, servants or employees in connection with this Agreement or the Project.

(e) If the Issuer incurs any expense or suffers any losses, claims or damages or incurs any liabilities in connection with the transaction contemplated by this Agreement, the Borrower will indemnify, defend and hold harmless the Issuer from the same and will reimburse the Issuer for any reasonable legal or other expenses incurred by the Issuer in relation thereof. The Borrower shall also reimburse the Issuer for all other costs and expenses, including without limitation, attorneys' fees paid or incurred by the Issuer in connection with: (i) the discussion, negotiation, preparation, approval, execution and delivery of this Agreement and the documents and instruments related thereto; (ii) any amendments or modifications thereto and any document, instrument or agreement related thereto and the discussion, negotiation, preparation, approval, execution and delivery of any and all documents necessary or desirable to effect such amendments or modification; and (iii) the enforcement by the Issuer during the term of this Agreement or thereafter of any of the rights or remedies of the Issuer under this Agreement or any document, instrument or agreement related thereto, including, without limitation, costs and expenses of collection in the event of default, whether or not suit is filed with respect thereto.

Section 7.02 Books and Records; Inspection and Examination: Notice of Defaults.

The Borrower will keep accurate books of record and account in which true and complete entries will be made in accordance with generally accepted accounting principles consistently applied and upon request of the Lender will give any representative of the Lender access upon reasonable notice during normal business hours to, and permit such representative to examine, copy or make extracts from, any and all books, records and documents in its possession, to inspect any of its properties and to discuss its affairs, finances and accounts with any of its officers, all at such times and as often as it may reasonably be requested.

Section 7.03 Further Assurances, Financing Statements, Maintenance of Lien. At the request of the Lender, the Borrower shall execute any financing statement or other instrument which is or may be required to carry out the intent of the parties as expressed in this Loan Agreement, the Authorizing Resolution, or the other Subordinate Loan Documents. The Borrower shall, at its sole expense, file or cause to be filed all financing statements, including any financing statement of the Issuer, under the Uniform Commercial Code, or similar instruments, deemed necessary by the Lender to perfect and continue the security interest of the Lender in the personal property included in the Mortgaged Property and in this Loan Agreement (except for the Issuer's rights under Sections 5.02, 7.01, 8.04, 9.10 and 9.11 hereof), including any financing statements or continuation statements which the Issuer is required to file. The Lender is expressly authorized to file a financing statement naming the Issuer as debtor and

describing the collateral as the Issuer's interest in this Loan Agreement and the Borrower Subordinate Promissory Note.

Section 7.04 Assignments. The Borrower consents to the pledge and assignment of the Borrower Subordinate Promissory Note, the Loan Repayments and other interests of the Issuer in this Loan Agreement by the Issuer to the Lender as provided in the Authorizing Resolution and Assignment of Subordinate Mortgage and Loan Documents. The interests and obligations of the Borrower under this Loan Agreement are non-assignable, unless consented to in writing by the Issuer and the Lender.

Section 7.05 Observance of Authorizing Resolution Covenants and Terms. The Borrower will not do, in any manner, anything which will cause or permit to occur any violation of any provision of the Authorizing Resolution, but will faithfully observe and perform, and will do all things necessary so that the Issuer may observe and perform, all the conditions, covenants and requirements of the Authorizing Resolution. The Issuer agrees that it will observe and perform all obligations imposed upon it by the Subordinate Loan Documents; provided that the Issuer has no obligation to use its own funds to perform or cause performance of any such obligations, and provided further that no covenant, representation or undertaking shall ever give rise to any liability of the Issuer, or its officers, agents or employees or constitute a charge against its general credit. The Issuer has no taxing power.

Section 7.06 General Tax Representations, Warranties and Covenants of Borrower. The Borrower makes the following representations, understanding, after such consultation with such legal counsel as deemed appropriate, that the exclusion from gross income of interest on the Note for federal income tax purposes is dependent on the accuracy and truthfulness of such representations:

(a) The Borrower will fulfill all continuing conditions specified in Section 142 of the Code and Section 1.103-8(b) of the Regulations applicable thereunder, to qualify the Note under Section 142(d) and the Project as a "qualified residential rental project" thereunder.

(b) The Borrower will not use (or permit to be used) the Project or use or invest (or permit to be used or invested) the proceeds of the Note or any other sums treated as "bond proceeds" under Section 148 of the Code and applicable federal income tax regulations, including "investment proceeds," "sinking funds" and "replacement proceeds," in such a manner as to cause the Note to be classified "arbitrage bonds" under Section 148 of the Code or "federally guaranteed obligations" under Section 149(b) of the Code.

(c) At least 95% of the net proceeds of the Series A Governmental Note (as defined in the Funding Loan Agreement) and the Note will be used to finance costs properly chargeable to the capital account of a qualified residential rental project within the meaning of Section 142(d) of the Code and functionally related and subordinate property thereto.

(d) The Borrower has not permitted and will not permit any obligation or obligations other than the Series A Governmental Note and the Note to be issued within the meaning of Section 103(b) of the Code so as to cause such obligations to become part of the

same “issue” as the Series A Governmental Note and the Note if the result thereof would impair the tax-exempt status of the Note.

(e) No portion of the proceeds of the Note will be used to provide any airplane, skybox, or other private luxury box, health club facility, facility primarily used for gambling or liquor store.

(f) No portion of the proceeds of the Note will be used to acquire (i) property to be leased to the government of the United States of America or to any department, agency or instrumentality of the government of the United States of America, (ii) any property not part of the residential rental housing portion of the Facility, or (iii) any private or commercial golf course, country club, massage parlor, tennis club, skating facility (including roller skating, skateboard and ice-skating), racquet sports facility (including any handball or racquetball court), hot tub facility, suntan facility or racetrack.

(g) No portion of the proceeds of the Note (including investment earnings thereon) shall be used (directly or indirectly) for the acquisition of land (or an interest therein) to be used for farming purposes, and less than twenty-five percent (25%) of the proceeds of the Note and the Series A Governmental Note (including investment earnings thereon) shall be used (directly or indirectly) for the acquisition of land to be used for purposes other than farming purposes.

(h) The Borrower understands that the Code imposes a penalty for failure to file with the Secretary of the Treasury an annual certification of compliance with low income occupancy requirements, and if the requirements for a “qualified residential rental project” are not met, does not allow a deduction for interest paid on the Note which accrues during the period beginning on the first day of the taxable year in which the Project ceases to meet such requirements and ending on the date the Project again meets such requirements.

(i) The average weighted maturity of the Series A Governmental Note and the Note does not and will not exceed 120% of the average reasonably expected remaining economic life of the Project (_____ years) within the meaning of Section 147(b) of the Code.

(j) The Borrower shall provide on the Closing Date all information required to satisfy the informational requirements set forth in Section 149(e) of the Code, including the information necessary to complete IRS Form 8038.

(k) The Borrower will not permit more than [\$44,449] of the proceeds of the Note and the Series A Governmental Note to be expended (or to be used to reimburse any person for an expenditure) to pay Costs of Issuance as provided by Section 147(g) of the Code.

(l) Neither the Borrower nor any “related person” under Section 147 of the Code will enter into any arrangement, formal or informal, for the Borrower or such “related person” under Section 147 of the Code to purchase the Note.

(m) The Borrower will not otherwise use proceeds of the Note, including earnings thereon, or take, or permit or cause to be taken, any action that would adversely affect the exclusion from gross income of the interest on the Note, nor otherwise omit to take or cause

to be taken any action necessary to maintain such exclusion from gross income; and, if it should take or permit, or omit to take or cause to be taken, as appropriate, any such action, the Borrower shall take all lawful actions necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof.

(n) The Borrower will comply with the requirements and conditions of the Tax Certificate and the Regulatory Agreement.

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES

Section 8.01 Events of Default. The following shall be “Events of Default” under this Loan Agreement and the term “Event of Default” shall mean, whenever used in this Loan Agreement, any one or more of the following events:

(a) If the Borrower fails to pay any amount due under the Borrower Subordinate Promissory Note or any Loan Repayment required to be paid under the Note and Section 5.01 hereof within ten (10) days of the due date (including any repayment of principal of the Note due by way of acceleration, call for redemption of the Borrower Subordinate Promissory Note and the Note or otherwise), provided that failure to pay a Loan Repayment because of an insufficiency of Available Cash Flow or Sale or Refinancing Transaction Proceeds shall not constitute an Event of Default except for the final Loan Repayment on the Maturity Date; or

(b) If the Borrower shall default in the due and punctual performance of any of the other covenants, conditions, agreements and provisions contained in the Borrower Subordinate Promissory Note or this Loan Agreement, and such default shall continue for thirty (30) days after notice thereof has been furnished to the Borrower from the Lender; provided, however, that if such default cannot be cured within 30 days, it shall not constitute a default hereunder if the Borrower provides to the Lender a proposed method and schedule of curing such default, initiates action to cure such default within such 30 days, diligently pursues such action until such default is cured and provides the Lender with progress reports relating thereto at such intervals as may be reasonably requested by the Lender; or

(c) If an “Event of Default” or default shall occur and is continuing after the expiration of any applicable grace period under any other Subordinate Loan Documents; or

(d) If the Borrower shall (i) apply for or consent to the appointment of a receiver, trustee or liquidator for it or for any of its property, (ii) admit in writing its inability to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated a bankrupt or insolvent, or (v) file a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under such law; or

(e) If there is filed against the Borrower any involuntary petition seeking liquidation or reorganization of the Borrower or appointing a receiver, trustee or liquidator of the

Borrower or of all or a substantial part of the assets thereof, and such petition shall not be dismissed or vacated within ninety (90) days thereafter; or

(f) Any statement, representation, warranty or certification made by the Borrower under any of the Subordinate Loan Documents shall be incorrect or misleading in any material respect when made.

(g) Notwithstanding anything to the contrary contained in the Subordinate Loan Documents, Lender hereby acknowledges and agrees that the Limited Partners (defined below) each have the right to cure any and all Defaults; (ii) prior to Lender exercising any remedies under the Subordinate Loan Documents, the Limited Partners will be provided notice of any and all Defaults and an opportunity to cure any such Defaults within thirty (30) days of receiving such notice from Lender; and (iii) Lender will accept any such cure made by the Limited Partners of a Default as if such cure was made by Borrower on its own behalf.

Notwithstanding anything in this Loan Agreement to the contrary, the Lender agrees that any cure made or tendered by one or more of the Borrower's limited partners shall be deemed a cure by the Borrower, and treated as if tendered by the Borrower.

Section 8.02 Remedies on Default. Whenever any Event of Default shall have happened and be subsisting, any one or more of the following steps may be taken:

(a) After ten (10) days written notice to the Borrower of the proposed action and provided that the Event of Default has not been duly cured, the Lender may declare the unpaid principal of and interest on the Borrower Subordinate Promissory Note and the Note, and all or any amounts of Loan Repayments thereafter to become due and payable under Section 5.01 hereof for the remainder of the term of this Loan Agreement to be immediately due and payable, whereupon the same shall become immediately due and payable, together with any additional payments due under Sections 5.02, 5.05, 8.04, 8.05 or otherwise under this Loan Agreement.

(b) The Lender may take whatever action at law or in equity that appears necessary or desirable to enforce this Loan Agreement or any of the other Subordinate Loan Documents in accordance with the provisions hereof or thereof.

Any amounts collected by the Lender or any other Holder pursuant to action taken under the foregoing paragraphs shall be applied first to advances and expenses of the Lender or other Holder, then to payment of the Note (interest first, and then principal), and any excess to the Borrower.

Whenever any Default shall occur, the Lender or any other Holder (or the Issuer with respect to Sections 5.02, 7.01, 8.04 or 9.09 hereof) may take whatever action at law or in equity, including all of the remedies available under the Subordinate Loan Documents or Uniform Commercial Code of the State, which may appear necessary or desirable to collect any payments then due and thereafter to become due hereunder or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement.

Section 8.03 Remedies Cumulative, Delay Not to Constitute Waiver. No remedy conferred upon or reserved to the Issuer, the Lender, any other Holder or a receiver by this Loan Agreement or by the other Subordinate Loan Documents is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or the other Subordinate Loan Documents or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power, and any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer, the Lender, any other Holder or a receiver to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. In the event any agreement contained in this Loan Agreement or the other Subordinate Loan Documents should be breached by any party and thereafter waived by the other parties, such waiver shall be limited to a particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 8.04 Agreement to Pay Attorneys' Fees and Expenses. In the event the Borrower should default under any of the provisions of this Loan Agreement or other Subordinate Loan Documents, and the Issuer or the Lender should employ attorneys or incur other expenses for the collection of payments due or to become due hereunder or thereunder or the enforcement of performance or observance or any obligation or agreement on the part of the Borrower contained herein or therein, the Borrower agrees that it will on demand therefor reimburse the reasonable fees of such attorneys and such other expenses so incurred. The Borrower also agrees to pay all costs of the Lender to appear in and defend any action or proceeding purporting to affect the rights or powers of the Lender under this Loan Agreement or the other Subordinate Loan Documents, including the cost of reasonable attorney's fees.

Section 8.05 Advances. In the event the Borrower shall fail to pay any Loan Repayments under Section 5.01 hereof, or to do any other thing or make any other payment required to be done or made by any other provision of this Loan Agreement or the other Subordinate Loan Documents, the Lender or any other Holder, in its own discretion, may do or cause to be done any such thing or make or cause to be made any such payment at the expense or as an advance for the account of the Borrower, and the Borrower shall pay to the Lender or any other Holder, as the case may be, upon demand, all necessary costs and expenses so incurred and advances so made, with interest at the lesser of (i) 4.00% per annum above the then current interest rate on the Note or (ii) the maximum rate permitted by law. Any such advance shall be entitled to priority of payment from any funds thereafter received from the Borrower.

Section 8.06 Notice and Right to Cure. The Tax Credit Investor shall receive copies of all notices given under this Loan Agreement. The Tax Credit Investor shall also have the right, but not the obligation, to cure any Event of Default under any of the Subordinate Loan Documents, and the Lender will accept such performance as if undertaken by the Borrower itself.

**ARTICLE IX
MISCELLANEOUS**

Section 9.01 Notices. All notices, certificates or other communications hereunder shall be deemed sufficiently given when delivered or when mailed by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to the Issuer: HOUSING FINANCE AUTHORITY OF MANATEE
COUNTY, FLORIDA
4420 S. Washington Avenue
Titusville, FL 32780
Attn: Angela A. Abbott, Esq.
Telephone: (321) 264-0334
Email: angelaabbott@cfl.rr.com

If to the Borrower: BRADENTON LEASED HOUSING ASSOCIATES III,
LLLP
c/o Dominion Development & Acquisition, LLC
2905 Northwest Boulevard, Suite 150
Plymouth, MN 55441-7400
Attn: Christopher Barnes
Telephone: (763) 354-5610
Email: cbarnes @dominiuminc.com

With copies to: WINTHROP & WEINSTINE, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, MN 55402-4629
(which copy shall not constitute notice to Borrower)
Attn: John Stern
Telephone: (612) 604-6588
Email: jstern@winthrop.com

RBC TAX CREDIT EQUITY, LLC
600 Superior Avenue, Suite 2300
Cleveland, OH 44114
Attn: President and General Counsel

NIXON PEABODY LLP
100 Summer Street
Boston, MA 02110
Attn: Roger W. Holmes
Telephone: (617) 345-1227

If to the Lender: River Oaks Housing Partners, Ltd.
2905 Northwest Blvd, Suite 150
Plymouth, Minnesota 55441
Attention: Mark S. Moorhouse
Email: mmoorhoues@dominiuminc.com
Telephone: (763) 354-5500
and
Attention: Christopher P. Barnes
Email: cbarnes@dominiuminc.com
Telephone: (763) 354-5610

If to the Tax Credit Investor: RBC CAPITAL MARKETS, LLC
10 West Broad Street, Suite 1550
Cleveland, OH 43215
Attn: President and General Counsel

The Borrower, the Issuer and the Lender may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

Section 9.02 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns, subject to the limitation that any obligation of the Issuer created by or arising out of this Loan Agreement shall not be a general debt of the Issuer but shall be payable solely out of the proceeds derived from this Loan Agreement or the other Subordinate Loan Documents.

Section 9.03 Counterparts. This Loan Agreement may be signed in any number of counterparts. Complete sets of counterparts shall be lodged with the Issuer, the Borrower and the Lender.

Section 9.04 Benefit of Holder. Except as otherwise provided herein, all covenants and agreements on the part of the Borrower and the Issuer herein are hereby declared to be for the benefit of the Lender or any Holder of the Note. Persons other than the parties hereto and such other Holders are not intended to be beneficiaries of any of the covenants and agreements set forth in this Loan Agreement.

Section 9.05 Due Dates. Should any payment on the Note become due and payable upon a day that is not a business day, such payment shall be made on the next succeeding business day.

Section 9.06 Captions. The captions or headings in this Loan Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision of this Loan Agreement.

Section 9.07 Term of Agreement. Except as otherwise provided herein, the provisions of this Loan Agreement shall remain in full force and effect from the date of execution hereof until such time as the Borrower Subordinate Promissory Note and the Note are not outstanding.

Section 9.08 Severability. Any provision of this Loan Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 9.09 Limitation of Issuer's Liability. It is understood and agreed by the Borrower and the Lender that no covenant, provision or agreement contained in this Loan Agreement or the Note, or any obligation herein or therein imposed upon the Issuer or the breach thereof, shall give rise to a pecuniary liability of the Issuer or a charge against its general credit; the Note constitutes a special limited obligation of the Issuer, payable solely from the revenues pledged to the payment thereof pursuant to this Loan Agreement, and does not now and shall never constitute an indebtedness or a loan of the credit of the Issuer, the State or any political subdivision thereof or a charge against the general credit or taxing powers thereof within the meaning of any constitutional or statutory provision whatsoever. It is further understood and agreed by the Borrower and the Lender that the Issuer has no obligation to use due diligence regarding the financial or legal status, or any representations, of the Borrower or the Lender. It is further understood and agreed by the Borrower and the Lender that the Issuer shall not incur any pecuniary liability hereunder and shall not be liable for any expenses related hereto, all of which the Borrower agrees to pay. Notwithstanding the provisions of the immediately preceding sentence, if the Issuer incurs any expense, or suffers any losses, claims or damages or incurs any liabilities relating to this Loan Agreement, including without limitation, expenses of an audit by the Internal Revenue Service, the Borrower will indemnify and hold harmless the Issuer from the same and will reimburse the Issuer for any legal or other expenses incurred by the Issuer in relation thereto, and this covenant to indemnify, hold harmless and reimburse the Issuer shall survive delivery of and payment for the Note. The Issuer has no taxing power.

Section 9.10 Limited Recourse. Notwithstanding any provision or obligation to the contrary set forth in this Loan Agreement, (1) the liability of the Borrower and any partner, trustee, director, officer, employee, or agent thereof (collectively, "Borrower Parties") under this Loan Agreement or the Subordinate Mortgage shall be limited to the property subject to the Subordinate Mortgage or to such other security as may from time to time be given or have been given for payment of the Borrower's obligations under this Loan Agreement and Note, and any judgment rendered against the Borrower Parties under this Loan Agreement or the Subordinate Mortgage, the Borrower Subordinate Promissory Note and the Note shall be limited to the property subject to the Subordinate Mortgage and any other security so given for satisfaction thereof; and (2) no deficiency or other personal judgment nor any order or decree of specific performance shall be sought or rendered against the Borrower Parties, their successors, transferees or assigns, in any action or proceeding arising out of the Subordinate Mortgage, this Loan Agreement, the Borrower Subordinate Promissory Note, the Note, or any judgment, order or decree rendered pursuant to any such action or proceeding; provided, however, that nothing in this Loan Agreement, the Subordinate Mortgage, the Borrower Subordinate Promissory Note or the Note shall limit the Issuer's or Lender's ability to exercise any right or remedy that it may have with respect to any property pledged or granted to the Issuer or the Lender, or both of them, or to exercise any right against the Borrower Parties or any other person or entity on account of any damage caused by fraud or intentional misrepresentation by the Borrower or any intentional damage of the property subject to the Subordinate Mortgage. Furthermore, the Borrower shall be

fully liable for the misapplication of (1) proceeds paid prior to any foreclosure under any and all insurance policies, under which the Lender and/or the Issuer is named as insured, by reason of damage, loss or destruction to any portion of the property subject to the Subordinate Mortgage, to the full extent of such misapplied proceeds and awards, (2) proceeds or awards resulting from the condemnation, or other taking in lieu of condemnation, prior to any foreclosure of the property subject to the Subordinate Mortgage, to the full extent of such misapplied proceeds and awards, (3) rents, issues, profits and revenues received or applicable to a period subsequent to the occurrence of a default under this Loan Agreement, the Subordinate Mortgage and the Note but prior to foreclosure, and (4) proceeds from the sale of all or any part of the property subject to the Subordinate Mortgage and any other proceeds that, under the terms hereof, should have been paid to the Issuer or the Lender. Furthermore, the Borrower shall be fully liable for the breach of the Borrower's covenants contained in Sections 5.02, 7.01, 8.04 and 9.09 of this Loan Agreement; provided, however in no event shall the Borrower or any Borrower Parties be personally liable for payment of the principal of, premium, if any, or interest on the Borrower Subordinate Promissory Note or the Note. The limit on the Borrower's liability set forth in this paragraph shall not, however, be construed, and is not intended in any way, to constitute a release, in whole or in part, of the Borrower's obligations under this Loan Agreement or a release, in whole or in part, or an impairment of the lien and security interest of the Subordinate Mortgage, this Loan Agreement, the Borrower Subordinate Promissory Note and the Note upon the properties described therein, or to preclude the Issuer or the Lender from foreclosing the Subordinate Mortgage in case of any default or enforcing any other right of the Issuer or the Lender, or to alter, limit or affect the liability of any person or party who may now or hereafter or prior hereto guarantee, or pledge, grant or assign its assets or collateral as security for, the obligations of the Borrower under the Subordinate Mortgage, this Loan Agreement, the Borrower Subordinate Promissory Note and the Note.

Section 9.11 Audit Expenses. The Borrower agrees to pay any costs incurred by the Issuer as a result of the Issuer's compliance with an audit, random or otherwise, by the Internal Revenue Service, the Florida Department of Revenue or any other governmental agency with respect to the Series A Governmental Note, the Note, or the Project.

Section 9.12 Transfer of Ownership Interest in Borrower. Notwithstanding anything to the contrary in the Subordinate Loan Documents, Lender hereby acknowledges that at any time, without the consent of Lender, direct and indirect ownership interests in, and the partnership interest in Borrower owned by each of the following are freely transferable (which shall include the rights to encumber, pledge, convey, transfer or assign any or all legal or beneficial interest whatsoever): (1) RBC Tax Credit Manager II, Inc. ("Administrative Limited Partner"), (2) RBC Tax Credit Equity, LLC ("Investor Limited Partner" and, collectively with the Administrative Limited Partner, and their respective successors and/or assigns, the "Limited Partners"), (3) Bradenton Leased Housing Associates III, LLC ("General Partner"), and (4) Bradenton Leased Housing Associates LP III, LLC. Notwithstanding anything to the contrary in the Loan Documents, Lender hereby acknowledges any and all rights of the Limited Partners at any time pursuant to the Limited Partnership Agreement, without the consent of Lender, to remove any general partner of the Borrower and substitute an affiliate of the Limited Partners as a new general partner of the Borrower.

(Remainder of page intentionally left blank.)

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Loan Agreement to be executed by their duly authorized officers.

HOUSING FINANCE AUTHORITY OF
MANATEE COUNTY, FLORIDA

By: _____
Name: James J. Heagerty, Jr.
Title: Chairman

ATTEST:

By: _____
Name: Frank R. Dodson, III
Title: Secretary/Treasurer

APPROVED AS TO LEGAL SUFFICIENCY:

By: _____
Angela A. Abbott, Esq.
General Counsel

(Signature page to Subordinate Loan Agreement)

BRADENTON LEASED HOUSING
ASSOCIATES III, LLLP, a Minnesota
limited liability limited partnership

By: BRADENTON LEASED HOUSING
ASSOCIATES III, LLC, a
Minnesota limited liability company,
its General Partner

By: _____
Name: Christopher P. Barnes
Title: Vice President

(Signature page to Subordinate Loan Agreement)

EXHIBIT A

Form of Note

EXHIBIT B

Form of Lender Investor Letter

This is to certify that River Oaks Housing Partners, Ltd., a Florida limited partnership (the “Lender”) has made a loan (the “Loan”) to the Housing Finance Authority of Manatee County, Florida (the “Issuer”) for the benefit of Bradenton Leased Housing Associates III, LLLP (the “Borrower”). The Loan is evidenced by the Issuer’s Subordinate Multifamily Housing Revenue Note (River Trace Project), Series 2017C dated June __, 2017 (the “Note”). The Lender acknowledges that the Note is being issued to evidence a private direct loan and not as part of publicly offered sale, and that the Issuer will not make a filing with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access repository. Any capitalized terms not otherwise defined herein shall have the meaning set forth in the Subordinate Loan Agreement, dated as of June 1, 2017 between the Issuer and the Borrower (the “Subordinate Loan Agreement”).

We are aware that investment in the Loan involves various risks, that the Note is not a general obligation of the Issuer and that the repayment of the Loan is secured solely from the funds received from the Borrower from sources described in the Subordinate Loan Agreement and the Note (the “Loan Security”).

We have made such independent investigation of the Loan Security as we, in the exercise of sound business judgment, considered to be appropriate under the circumstances. In making our lending decision, we have relied upon the accuracy of information which has been provided to us by the Borrower.

We have knowledge and experience in financial and business matters and are capable of evaluating the merits and risks of the Loan and can bear the economic risk of the Loan.

The Lender has conducted its own investigation, to the extent it deems satisfactory or sufficient, into matters relating to business affairs or conditions (either financial or otherwise) of the Borrower in connection with the Loan and no inference should be drawn that the Lender, in the acceptance of said Note, is relying on the Issuer or any other party as to any such matters.

We acknowledge that we are making the Loan for our own account and not with a view to resell. We understand that the Loan is evidenced by the Note and the Note is issued in a single denomination equal to the aggregate principal amount of the Loan. The Note may only be sold to a Permitted Lender in whole but not in part. “Permitted Lender” means an “accredited investor” or “qualified institutional buyer” under Rule 144A promulgated under the Securities Act of 1933.

We are not acting as a broker or other intermediary and are funding the Loan with our own capital and for our own account and not with a present view to a resale or other distribution to the public.

We understand that the Issuer has not and will not prepare any disclosure document with respect to the Loan.

This Certificate is furnished by us as Lender based solely on our knowledge on the day hereof and is solely for the benefit of the Issuer and may not be relied upon by, or published or communicated to, any other person without our express written consent. We disclaim any obligation to supplement this letter to reflect any facts or circumstances that may hereafter come to our attention.

DATED this _____ day of June, 2017.

**RIVER OAKS HOUSING PARTNERS,
LTD.**

By: _____
Name: _____
Title: _____

EXHIBIT C

FORM OF BORROWER'S SUBORDINATE PROMISSORY NOTE BORROWER SUBORDINATE PROMISSORY NOTE

BORROWER SUBORDINATE PROMISSORY NOTE

[\$3,124,500]

June __, 2017

Bradenton Leased Housing Associates III, LLLP, a Minnesota limited liability limited partnership (the "Borrower"), for value received, promises to pay to the order of the Housing Finance Authority of Manatee County, Florida (the "Issuer") and its assigns, the principal sum of [THREE MILLION ONE HUNDRED TWENTY-FOUR THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$3,124,500)] and to pay interest on the unpaid balance of such principal sum from and after the date hereof at a rate equal to the rate payable on the Issuer's Subordinate Multifamily Housing Revenue Note (River Trace Project), Series 2017C (the "Issuer Subordinate Note"), as adjusted, as applicable, which interest shall be calculated on the basis, at the times and in the manner set forth in the Issuer Subordinate Note. The principal amount stated above shall be paid in lawful currency of the United States and in immediately available funds at such times and in such amounts as principal on the Issuer Subordinate Note is payable, on or before June __, 2052 (the "Maturity Date"). Interest hereon and principal hereof shall be paid in lawful currency of the United States and in immediately available funds.

This Note has been executed and delivered by the Borrower to the Issuer pursuant to the Subordinate Loan Agreement, dated as of June 1, 2017, between the Issuer and the Borrower (the "Subordinate Loan Agreement"), pursuant to which the Issuer has made a loan in the principal amount of this Note to the Borrower (the "Subordinate Loan"), which Subordinate Loan Agreement and Note have been assigned to River Oaks Housing Partners, Ltd., as the initial holder of the Issuer Subordinate Note pursuant to that certain Assignment of Subordinate Mortgage and Loan Documents dated as of June __, 2017. This Note is entitled to the benefits of the Subordinate Loan Agreement and is subject to the terms, conditions and provisions thereof. The Subordinate Loan was funded with proceeds from the Issuer Subordinate Note. Terms used but not defined herein shall have the meanings ascribed to such terms in the Subordinate Loan Agreement.

Under the Subordinate Loan Agreement, the Borrower has agreed to repay the Subordinate Loan by making payments ("Loan Payments") at the times and in the amounts set forth in this Note and in the Subordinate Loan Agreement for application to the payment of principal of and interest on the Issuer Subordinate Note as and when due.

To provide funds to pay the principal of and interest on the Issuer Subordinate Note as and when due as specified therein, the Borrower hereby agrees to and shall make Loan Payments in lawful currency of the United States and in immediately available funds at the times and in an amount equal to the principal of and interest on the Issuer Subordinate Note, when due, by acceleration or otherwise, as adjusted in accordance therewith.

If payment or provision for payment in accordance with the Subordinate Loan Agreement is made in respect of the principal of and interest on this Note from moneys other than Loan

Payments, this Note shall be deemed paid to the extent such payments or provision for payment of the Issuer Subordinate Note has been made. Consistent with the provisions of the immediately preceding sentence, the Borrower shall have credited against its obligation to make Loan Payments any amounts paid to the holder of the Issuer Subordinate Note for the payment of the principal of and interest on the Issuer Subordinate Note or any other amounts written down or forgiven by the holder of the Issuer Subordinate Note, it being the intent hereof that the outstanding balance of the Issuer Subordinate Note shall equal the outstanding balance of this Note. All Loan Payments constituting principal hereof and interest hereon shall be made directly to the holder of the Issuer Subordinate Note, as assignee of the Issuer in accordance with the Subordinate Loan Agreement.

The obligation of the Borrower to make the payments required hereunder shall be absolute and unconditional and the Borrower shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set off, recoupment or counterclaim which the Borrower may have or assert against the Issuer or any other person.

This Note is subject to prepayment by the Borrower on the same terms as the Issuer Subordinate Note, as stated therein and in the Subordinate Loan Agreement.

Whenever an Event of Default under the Subordinate Loan Agreement shall have occurred and, as a result thereof, the principal of and any premium on this Note and the Issuer Subordinate Note then outstanding, and interest accrued thereon, shall have been declared to be immediately due and payable pursuant to Section 8.02 of the Subordinate Loan Agreement, the unpaid principal amount of and any premium and accrued interest on this Note shall also be due and payable in lawful currency of the United States and in immediately available funds on the date on which the principal of and premium and interest thereon shall have been declared due and payable; provided that the annulment of a declaration of acceleration with respect to the Issuer Subordinate Note shall also constitute an annulment of any corresponding declaration with respect to this Note.

The payment obligations of this Note are non-recourse obligations of the Borrower. No member, partner, officer, director or employee of the Borrower shall have any personal liability for the repayment of the Subordinate Loan. Except as provided in the immediate preceding sentence, the Issuer's sole recourse shall be to realize against the collateral described in the Subordinate Loan Agreement.

The right of the holder of this Note to payment of any of the indebtedness evidenced hereby is and will at all times be subordinate to the right of the Issuer, its successors and assigns, under the Senior Loan Notes, as defined in the Subordinate Loan Agreement, to payment in full of the indebtedness evidenced by the Senior Loan Notes. This subordination is pursuant to, and in accordance with, the Subordination Agreement dated June 1, 2017, by and between U.S. Bank National Association, as fiscal agent for the Senior Loan Notes and the initial holder of this Note, its successors and assigns.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed and delivered on its behalf on the date first written above.

**BRADENTON LEASED HOUSING
ASSOCIATES III, LLLP**, a Minnesota limited
liability limited partnership

**BY: BRADENTON LEASED HOUSING
ASSOCIATES III, LLC**, a Minnesota
limited liability company, its General
Partner

By: _____
Name: Christopher P. Barnes
Title: Vice President

**THIS NOTE ARISES OUT OF OR IS GIVEN TO SECURE
THE REPAYMENT OF A LOAN ISSUED IN CONNECTION WITH THE FINANCING OF HOUSING
UNDER PART IV, CHAPTER 159, FLORIDA STATUTES
AND IS EXEMPT FROM DOCUMENTARY STAMP TAX AND INTANGIBLE TAX
PURSUANT TO SECTION 159.621, FLORIDA STATUTES**

[Signature Page to Subordinate Project Note]