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SUBORDINATE MORTGAGE, SECURITY AGREEMENT, FIXTURE FINANCING
STATEMENT AND ASSIGNMENT OF LEASES AND RENTS

from
BRADENTON LEASED HOUSING ASSOCIATES III, LLLP,

as Mortgagor

to

HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA,
a public body corporate and politic created pursuant to the laws of the State of Florida,

as Mortgagee

Dated as of June 1, 2017

Relating to:

[\$3,124,500]

Housing Finance Authority of Manatee County, Florida
Subordinate Multifamily Housing Revenue Note
(River Trace Project), Series 2017C

THIS MORTGAGE IS EXECUTED AND DELIVERED IN CONNECTION WITH AND
PURSUANT TO THE ISSUANCE OF THAT CERTAIN NOTE BY THE HOUSING
FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA AND IS EXEMPT FROM
DOCUMENTARY STAMP TAXES AND INTANGIBLE TAX PURSUANT TO SECTION
159.621, FLORIDA STATUTES.

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EXHIBIT A LEGAL DESCRIPTION

**SUBORDINATE MORTGAGE, SECURITY AGREEMENT, FIXTURE FINANCING
STATEMENT AND ASSIGNMENT OF LEASES AND RENTS**

This SUBORDINATE MORTGAGE, SECURITY AGREEMENT, FIXTURE FINANCING STATEMENT AND ASSIGNMENT OF LEASES AND RENTS, dated as of June 1, 2017 (as the same may be amended, modified, assigned or supplemented from time to time, this “Mortgage”), by Bradenton Leased Housing Associates III, LLLP, a Minnesota limited liability limited partnership duly organized and validly existing under the laws of the State of Florida (together with its permitted successors and assigns, “Mortgagor”), having an office at 2905 Northwest Boulevard, Suite 150, Plymouth, Minnesota, to HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA, a public body corporate and politic duly created, organized and existing under the laws of the State of Florida (the “Issuer”), and, together with its successors and assigns, “Mortgagee”), whose mailing address is Housing Finance Authority of Manatee County, Florida, c/o Angela A. Abbott, Esq., 4420 South Washington Avenue, Titusville, Florida.

WITNESSETH:

WHEREAS, the Issuer has issued its Housing Finance Authority of Manatee County, Florida Subordinate Multifamily Housing Revenue Note (River Trace Project), Series 2017C, in the original aggregate principal amount of [\$3,124,500] (the “Note”) pursuant to a Subordinate Loan Agreement dated as of the date hereof (as the same may be modified, amended or supplemented from time to time, the “Subordinate Loan Agreement”) between the Issuer and the Borrower, which Note will be sold at a private negotiated sale to River Oaks Housing Partners, Ltd., a Florida limited partnership, as lender (the “Lender”), the proceeds of which will be used to make a loan to the Borrower (the “Subordinate Loan”);

WHEREAS, Mortgagor proposes to borrow an amount equal to the principal amount of the Note (the “Loan Amount”) from the Issuer pursuant to the Subordinate Loan Agreement;

WHEREAS, Mortgagor has executed and delivered to Mortgagee that certain Borrower Subordinate Promissory Note (the “Borrower Subordinate Promissory Note”), dated the date of issuance of the Note, in the original aggregate principal amount of [\$3,124,500] as the same may be amended, modified or supplemented from time to time, which evidences the Subordinate Loan;

WHEREAS, the proceeds of the Subordinate Loan will be utilized by Mortgagor to pay a portion of the costs of acquiring a 178 unit multifamily rental housing project located at 2710 River Circle, Bradenton, Florida 34208 known as River Trace Apartments (the “River Trace Project”);

WHEREAS, the Note provides that the Subordinate Loan matures on the maturity date of the Note (the “Maturity Date”), upon which date all of the outstanding and unpaid principal and interest under the Note will be due and payable; and

WHEREAS, as security for its obligations under the Borrower Subordinate Promissory Note and the Subordinate Loan Agreement, Mortgagor has executed and delivered this Mortgage.

NOW, THEREFORE, in consideration of the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, in order to secure the payment of the Indebtedness (as hereinafter defined), together with the interest thereon, at the rates and payable at the time and in the manner specified in the Subordinate Loan Documents (as defined in the Subordinate Loan Agreement), and any other sums payable under the Subordinate Loan Documents; and to secure the performance and observance of all the provisions of the Subordinate Loan Documents, including, without limitation, the repayment to Mortgagee of the Subordinate Loan and any other sums advanced by Mortgagee hereunder or under any other Subordinate Loan Document, Mortgagor hereby mortgages, grants, bargains, sells, warrants, conveys, aliens, premises, releases, assigns, sets over and confirms to Mortgagee, and grants to Mortgagee a security interest in all of Mortgagor's right, title and interest in and to all of the following (all of which is hereinafter collectively referred to as the "Mortgaged Property"):

GRANTING CLAUSES:

I. The fee estate with respect to that certain real property located in Manatee County, Florida, and more fully described on Exhibit A attached hereto as more fully defined hereinafter, (the "Land") including all and singular, the easements, rights-of-way, zoning rights, development rights, privileges, tenements, hereditaments and appurtenances (including air rights) thereunto belonging or in any way appertaining thereto, and the reversion and the remainder thereof; and all of the estate, right, title, interest, claim or demand of Mortgagor therein and in and to any land lying in the bed of any street, road or avenue, open or proposed, in front of, thereof, either at law or in equity, in possession or expectancy, now or hereafter acquired and in all stripes and gores therein or adjoining thereto, the air space and right to use said air space thereinabove and all rights of ingress and egress by motor vehicles to parking facilities thereon or therein;

II. (i) all buildings and other improvements and additions thereto now erected or hereafter constructed or placed upon the Land or any part thereof (the "Improvements"); (ii) the name or names, if any, as may now or hereafter be used for each Improvement or otherwise in connection with the Land, and the books and records and good will associated therewith, and all licenses, permits and approvals in connection with the construction and operation of the Improvements; and (iii) all refrigerators, dishwashers, air conditioners, microwave ovens, washers, dryers, exercise equipment, lawn care equipment, pool equipment and furniture, devices, apparatus, interior improvements, appurtenances, heating, electrical, mechanical, lighting, plumbing, ventilating, air conditioning, refrigerating, incinerating and elevator equipment and systems, stoves, ranges, vacuum cleaning systems, call systems, sprinkler systems and other fire prevention and extinguishing apparatus and materials, motors, machinery, pipes, appliances, fittings, fixtures, equipment and building materials of every kind and nature whatsoever now or hereafter attached to or placed in or upon the Land or the Improvements, or any part thereof, or used or procured for use in connection with the operation of the Land or the Improvements or any business conducted thereon (except for fixtures and personal property that are at any time the property of Tenants, as hereinafter defined), all of the foregoing items set forth in this clause except as aforesaid, hereinafter collectively called the "Equipment";

III. All screens, awnings, shades, blinds, curtains, draperies, carpets, rugs, furniture, furnishings, decorations, chattels and other personal property now or hereafter in, on or at said Land (except for trade fixtures, furniture and furnishings that are at any time the property of Tenants), all of the foregoing, except as aforesaid, hereinafter collectively called the "Furnishings";

IV. All unearned premiums, accrued, accruing or to accrue under insurance policies now or hereafter obtained, or caused to be obtained, by Mortgagor and Mortgagor's interest in and to all proceeds of the conversion, voluntary or involuntary, of the Mortgaged Property or any part thereof into cash or liquidated claims, including, without limitation, proceeds of casualty insurance, title insurance or any other insurance maintained on the Land, the Improvements, the Equipment or the Furnishings or any part of either thereof (collectively, "Proceeds") and all awards and other compensation (collectively "Awards") heretofore and hereafter made to the present and all subsequent owners of the Land, the Improvements, the Equipment or the Furnishings or any part of either thereof by any governmental or other lawful authorities for the taking by eminent domain, condemnation or otherwise, of all or any part thereof or any easement or other right therein, including Awards for any change of grade of streets, all of which Proceeds and Awards are hereby assigned to Mortgagee;

V. All of the rents, issues, income, receipts, revenues, benefits and profits of the Mortgaged Property (collectively, the "Rents"), including all leases, subleases, occupancy agreements, licenses, franchises and appurtenances now or hereafter entered into covering any part of the Mortgaged Property, including all interest of Mortgagor as landlord in and to any of the same, including, without limitation, the interest of Mortgagor in and to all cash, promissory notes and securities deposited thereunder and the right to receive and collect the Rents and any other sums payable thereunder, all of which are hereby assigned to Mortgagee;

VI. All rights under any easement or related agreements and all royalties and rights appertaining to the use and enjoyment of the Land, including, without limitation, alley, vault, drainage, mineral, ditch, reservoir, water, oil and gas rights, together with any and all other rights, privileges and interests appurtenant thereto or used in connection with the Land or the Improvements, whether existing now or hereafter acquired;

VII. All construction contracts, subcontracts, architectural agreements, labor, material and payment Note, guarantees and warranties, plans and specifications, and permits and approvals relating to the construction of the Improvements, whether now or hereinafter existing;

VIII. All books, records and good will associated with the Land and the Improvements, all logos, trademarks and tradenames used in connection with the Land and the Improvements, all management contracts now in effect or hereafter entered into, and all extensions, renewals and replacements thereof, and all permits, licenses and approvals for the operation of the Improvements; and

IX. All extensions, improvements, betterments, substitutions and replacements of, and all additions and appurtenances to, the Land, the Improvements, the Equipment and the Furnishings, hereafter acquired by or released to Mortgagor or constructed, assembled or placed on the Land, and all conversions of the security constituted thereby immediately upon such

acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance, assignment or other act by Mortgagor, shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by Mortgagor and specifically described herein.

X. All contracts, options and other agreements for the sale of the Land, the Improvements, the Equipment, the Furnishings or any other part of the Mortgaged Property entered into by Mortgagor now or in the future, including cash or securities deposited to secure performance by parties of their obligations.

TO HAVE AND TO HOLD the Mortgaged Property, together with all rights, hereditaments and appurtenances in any way appertaining or belonging thereto, unto Mortgagee, its successors and assigns, forever for the uses set forth herein.

ARTICLE 1. CERTAIN DEFINITIONS

In addition to other definitions contained herein, the following terms shall have the meanings set forth below, unless the context of this Mortgage otherwise requires. All other capitalized terms used herein which are defined in the Subordinate Loan Agreement and not defined herein, shall have the respective meanings ascribed thereto in the Subordinate Loan Agreement, unless otherwise expressly provided or unless the context otherwise requires.

“**Claim**” shall have the meaning given such term in Section 2.11.12.

“**Default Rate**” shall mean 4.00% per annum above the interest rate on the Note; provided that such rate shall in no event exceed the maximum rate allowed by law.

“**Due and Payable**” shall mean (i) when used with reference to the principal of, premium or interest on the Indebtedness, or when referring to any and all other sums secured by this Mortgage or any other of the Subordinate Loan Documents shall mean due and payable, whether at the monthly or other date of payment or at the date or maturity specified in the Note, this Mortgage or other Subordinate Loan Documents or by acceleration or call for prepayment as provided in the Note, this Mortgage or the other Subordinate Loan Documents, and (ii) when used with reference to Impositions, the last day upon which any such charge may be paid without penalty or interest and prior to delinquency.

“**Environmental Inspections**” shall have the meaning given such term in Section 2.11.7.

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

“**Event of Default**” shall mean each of the events and circumstances described as such in Article 8 hereof.

“Governmental Authority” means any federal, state, county, municipal or local government or any department, commission, board, legislature or office thereof, having or claiming jurisdiction over the Mortgaged Property.

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

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

“Impositions” shall mean all duties, taxes, water and sewer rents, rates and charges, assessments (including, but not limited to, all assessments for public improvement or benefit), charges for public utilities, excises, levies, licenses and permit fees and other charges, ordinary or extraordinary, whether foreseen or unforeseen, of any kind and nature, whatsoever, which prior to or during the term of this Mortgage will have been or may be laid, levied, assessed or imposed upon or become due and payable out of or in respect of, or become a lien on the Mortgaged Property, or any part thereof or appurtenances thereto, or which are levied or assessed against the rent and income received by Mortgagor from the Leases (as hereinafter defined) by virtue of any present or future law, order or ordinance of the United States of America or of any state, county or local government or of any department, office of bureau thereof or of any other Governmental Authority.

“Indebtedness” shall mean and include the Subordinate Loan Amount together with **all** interest thereon, as evidenced by the Borrower Subordinate Promissory Note, the Note and the Subordinate Loan Agreement, any other payments due to Mortgagee under this Mortgage, the Borrower Subordinate Promissory Note, the Note, the Subordinate Loan Agreement or any other Subordinate Loan Document, all costs of collection in connection with the Subordinate Loan, and all other sums, charges, obligations and liabilities of Mortgagor due or to become due at any time to Mortgagee under this Mortgage, the Borrower Subordinate Promissory Note, the Note, the Subordinate Loan Agreement or any other Subordinate Loan Document.

“Indemnitees” shall have the meaning given such term in Section 2.11.10.

“Land” shall mean those certain parcels of land more particularly described in Exhibit A annexed hereto and incorporated herein, including all and singular, the easements, rights, privileges, tenements, hereditaments and appurtenances (including air rights) thereunto belonging or in any way appertaining thereto, and the reversion and the remainder thereof; and all of the estate, right, title, interest, claim or demand of Mortgagor therein and in and to any land lying in the bed of any street, road or avenue, open or proposed, in front of, thereof, either at law or in equity, in possession or expectancy, now or hereafter acquired and in all strips and gores therein or adjoining thereto, the air space and right to use said air space thereinabove and all rights of ingress and egress by motor vehicles to parking facilities thereon or therein.

“Lease” shall mean any lease, sublease, license, concession agreement or any other form of agreement, however denominated, granting the right to use and occupy the Mortgaged Property, or any portion thereof, and all renewals, extensions, modifications, amendments and other agreements affecting the same.

“Lender” shall have the meaning given such term in the Subordinate Loan Agreement.

“O&M Program” shall have the meaning given to such term in Section 2.11.1.

“Permitted Encumbrances” shall mean, collectively, those liens, easements, rights of any, covenants, restrictions, encumbrances and other matters affecting title to the Mortgaged Property set forth in Schedule B, Section 2, of the policy of title insurance insuring this Mortgage (or commitment to issue such policy in existence as of the date of this Mortgage) and approved by Lender, liens for non-delinquent real property taxes and such additional items as the Lender, in its sole discretion, may approve in writing.

“Person” shall mean any natural person, firm, partnership, association, corporation, trust, or public body.

“Prohibited Activities or Conditions” shall have the meaning provided therefore in Section 2.11.1.

“River Trace Project” shall have the meaning provided therefor in the Recitals above.

“Regulatory Agreement” shall have the meaning given such term in the Subordinate Loan Agreement.

“Remedial Work” shall have the meaning given such term in Section 2.11.8.

“Senior Mortgage” shall mean collectively, the Multifamily Mortgage, Security Agreement and Assignment of Rents, Leases and Profits (Series A) and the Multifamily Mortgage, Security Agreement and Assignment of Rents, Leases and Profits (Series B), both dated as of the date hereof.

“State” shall mean the state in which the Land is located.

“**Tenant**” shall mean the tenant or other user or occupant of part or all of the Mortgaged Property under any Lease.

ARTICLE 2.
PARTICULAR COVENANTS OF MORTGAGOR

Mortgagor covenants and agrees as follows:

Section 2.1 Payment of Indebtedness. Mortgagor shall duly and punctually pay to Mortgagee, as and when due and payable, the Indebtedness.

Section 2.2 Warranty of Title. Mortgagor warrants that (a) it has good, marketable, insurable and indefeasible fee title to the Land and the Improvements, subject, however, to Permitted Encumbrances; (c) the Mortgaged Property is free and clear of all deeds of trust, mortgages, liens, charges and encumbrances whatsoever except for the Permitted Encumbrances; (d) Mortgagor has not heretofore assigned the Rents, other than with respect to the Senior Mortgage; (e) it will maintain and preserve the lien of this Mortgage until the Indebtedness has been paid in full and all other obligations owing to Mortgagee by Mortgagor in connection with the Subordinate Loan have been satisfied; (f) it has good right and lawful authority to mortgage and assign the Mortgaged Property as provided in and by this Mortgage; and (g) except for the Permitted Encumbrances, it will warrant and defend the same against any and all claims and demands whatsoever.

Section 2.3 No Defaults. Mortgagor represents and warrants that no default exists under the provisions of this Mortgage, the Note, or in the performance of any of the terms, covenants, conditions or warranties hereof on the part of Mortgagor to be performed or observed.

Section 2.4 Mortgagor to Pay Impositions and Operating Expenses. Mortgagor will pay or cause to be paid, as and when due and payable, all Impositions levied upon the Mortgaged Property or any part thereof and all expenses of operating, managing, maintaining and repairing the Mortgaged Property. Promptly after the payment of real and personal property ad valorem taxes, Mortgagor will deliver to the Lender receipts evidencing the payment of all such taxes. Notwithstanding the foregoing, if by law, any Imposition may at the option of the taxpayer be paid in installments (whether or not interest shall accrue on the unpaid balance thereof), Mortgagor shall have the right, provided that no Event of Default shall then exist under this Mortgage or any other of the Subordinate Loan Documents, to exercise such option and to cause to be paid or to pay the same (and any accrued interest on the unpaid balance of such Imposition) in installments as they fall due and before any fine, penalty, further interest or cost may be added thereto.

Section 2.5 To Maintain Priority of Lien. Mortgagor will maintain this Mortgage as a valid mortgage lien on the Mortgaged Property subordinate to the Senior Mortgage, and Mortgagor will not, directly or indirectly, create or suffer or permit to be created, or to stand against the Mortgaged Property or any portion thereof, or against the Rents therefrom, and will promptly discharge, any lien or charge whatsoever other than the Permitted Encumbrances, whether prior to, upon a parity with, or junior to the lien of this Mortgage; provided, however, that nothing herein contained shall require Mortgagor to pay or cause to be paid any Imposition

prior to the time the same shall become due and payable. Mortgagor will keep and maintain the Mortgaged Property, and every part thereof, free from all liens of persons supplying labor and materials in connection with the construction, alteration, repair, improvement or replacement of the Improvements, the Equipment or the Furnishings. If any such liens shall be filed against the Mortgaged Property, or any part thereof, Mortgagor shall promptly release or discharge the same of record, by payment, bonding or otherwise, or otherwise provide security satisfactory to Mortgagee in Mortgagee's sole discretion (acting upon the direction of the Lender), within thirty (30) days after the filing thereof. In the event that Mortgagor fails to make payment of or bond such liens, Mortgagee shall, at the direction of the Lender, make payment thereof, and any amounts paid as a result thereof, together with interest thereon at the Default Rate from the date of payment by Mortgagee, shall be immediately due and payable by Mortgagor to Mortgagee and until paid shall be added to and become a part of the Indebtedness and shall have the benefit of the lien hereby created as a part thereof prior to any right, title or interest in or claim upon the Mortgaged Property attaching or accruing subsequent to the lien of this Mortgage. Mortgagor shall exhibit to Mortgagee and the Lender, upon request, all receipts or other satisfactory evidence of the payment of taxes, assessments, charges, claims, liens or any other item which, if unpaid, may cause any such lien to be filed against the Mortgaged Property.

Section 2.6 To Pay Recording Fees, Taxes and Other Charges. Mortgagor will pay all filing, registration or recording fees, and all reasonable costs and expenses of Mortgagee, Lender, including without limitation, reasonable attorneys' fees and disbursements, title insurance premiums, search fees and survey costs, incident to or in connection with the preparation, execution, delivery or acknowledgment of this Mortgage, any mortgage supplemental hereto, any security instrument with respect to any collateral relating to the Subordinate Loan and any instrument of further assurance, and all federal, state, county and municipal stamp taxes and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Borrower Subordinate Promissory Note, the Note, this Mortgage, any mortgage supplemental hereto, any security instrument with respect to any collateral relating to the Subordinate Loan, the other Subordinate Loan Documents or any instrument of further assurance.

Section 2.7 Preservation, Management and Maintenance of Mortgaged Property.

2.7.1 Mortgagor (i) shall not commit waste or permit impairment or deterioration of the Mortgaged Property, (ii) shall not abandon the Mortgaged Property, (iii) shall restore or repair promptly, in a good and workmanlike manner, any damaged part of the Mortgaged Property to the equivalent of its original condition, or such other condition as Lender may approve in writing, whether or not insurance proceeds or condemnation awards are available to cover any costs of such restoration or repair, (iv) shall keep the Mortgaged Property in good repair, including the replacement of Personalty and Fixtures with items of equal or better function and quality, (v) shall provide for professional management of the Mortgaged Property by a residential rental property manager satisfactory to Lender under a contract approved by Lender in writing, and (vi) shall give notice to Lender of and, unless otherwise directed in writing by Lender, shall appear in and defend any action or proceeding purporting to affect the Mortgaged Property, Mortgagee's security or Mortgagee's rights under this Mortgage. Mortgagor shall not (and shall not permit any tenant or other person to) remove, demolish or

alter the Mortgaged Property or any part of the Mortgaged Property except in connection with the replacement of tangible Personalty.

2.7.2 If required by Lender (whether before or after an Event of Default), Mortgagor will cause any Affiliate of Mortgagor to whom fees are payable for the management of the Mortgaged Property to enter into an agreement with Mortgagee, in a form approved by Lender, providing for subordination of those fees (in excess of the fees underwritten as of the date hereof by Lender) and such other provisions as Mortgagee may require, "Affiliate of Mortgagor" means any corporation, partnership, joint venture, limited liability company, limited liability partnership, trust or individual controlled by, under common control with, or which controls Mortgagor (the term "control" for these purposes shall mean the ability, whether by the ownership of shares or other equity interests, by contract or otherwise, to elect a majority of the directors of a corporation, to make management decisions on behalf of, or independently to select the managing partner of, a partnership, or otherwise to have the power independently to remove and then select a majority of those individuals exercising managerial authority over an entity, and control shall be conclusively presumed in the case of the ownership of 50% or more of the equity interests).

Section 2.8 After-Acquired Property. All right, title and interest of Mortgagor in and to all improvements, betterments, renewals, substitutes and placements of and all additions, accessions and appurtenances to, the Mortgaged Property hereafter acquired, constructed, assembled or placed by Mortgagor on the Land, and all conversions of the security constituted thereby, immediately upon such acquisition, construction, assembly, placement or conversion, as the case may be, and in each such case without any further mortgage, conveyance or assignment or other act of Mortgagor, shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by Mortgagor and specifically described in the Granting Clauses hereof, but at any time and at all times Mortgagor, on demand, will execute, acknowledge and deliver to Mortgagee and the Lender any and all such further assurances, mortgages, conveyances or assignments thereof as Mortgagee or the Lender may require in its sole discretion for the purpose of expressly and specifically subjecting the same to the lien of this Mortgage.

Section 2.9 Further Assurances. Mortgagor shall execute, acknowledge and deliver, at its sole cost and expense, all further acts, deeds, conveyances, assignments, estoppel certificates, financing statements, transfers and assurances as Mortgagee may require from time to time in order to better assure, grant, and convey to Mortgagee the rights intended to be granted, now or in the future under this Mortgage and the Subordinate Loan Documents.

Section 2.10 Recorded Instruments. Mortgagor will promptly perform and observe, or cause to be performed and observed, all of the terms, covenants and conditions of all instruments of record affecting the Mortgaged Property. Mortgagor shall do or cause to be done all things required to preserve intact and unimpaired and to renew any and all rights-of-way, easements, grants, appurtenances, privileges, licenses, franchises and other interest and rights in favor of or constituting any portion of the Mortgaged Property. Mortgagor will not, without the prior written consent of the Lender, initiate, join in or consent to any private restrictive covenant or other public or private restriction as to the use of the Mortgaged Property. Mortgagor shall, however,

and shall cause all Tenants to, comply with all lawful restrictive covenants and zoning ordinances and other public or private restrictions affecting the Mortgaged Property.

Section 2.11 Environmental Provisions.

2.11.1 Except for matters covered by a written program of operations and maintenance approved in writing by Lender (an “O&M Program”) or matters described in Section 2.11.2, Mortgagor shall not cause or permit any of the following:

(a) the presence, use, generation, release, treatment, processing, storage (including storage in above ground and underground storage tanks), handling, or disposal of any Hazardous Materials on or under the Mortgaged Property or any other property of Mortgagor that is adjacent to the Mortgaged Property;

(b) the transportation of any Hazardous Materials to, from, or across the Mortgaged Property;

(c) any occurrence or condition on the Mortgaged Property, which occurrence or condition is or may be in violation of Hazardous Materials Laws; or

(d) any violation of or noncompliance with the terms of any Environmental Permit with respect to the Mortgaged Property or any property of Mortgagor that is adjacent to the Mortgaged Property.

The matters described in clauses (a) through (d) above are referred to collectively in this Section 2.11 as “Prohibited Activities or Conditions.”

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

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

2.11.4 If an O&M Program has been established with respect to Hazardous Materials, Mortgagor shall comply in a timely manner with, and cause all employees, agents, and contractors of Mortgagor and any other persons present on the Mortgaged Property to comply

with the O&M Program. All costs of performance of Mortgagor's obligations under any O&M Program shall be paid by Mortgagor, and Lender's and Mortgagee's out-of-pocket costs incurred in connection with the monitoring and review of the O&M Program and Mortgagor's performance shall be paid by Mortgagor upon demand by Lender or Mortgagee. Any such out-of-pocket costs of Mortgagee and Lender which Mortgagor fails to pay promptly shall become an additional part of the Indebtedness.

2.11.5 Mortgagor represents and warrants to Mortgagee that, except as previously disclosed by Mortgagor to Mortgagee or Lender in writing:

(a) Mortgagor has not at any time engaged in, caused or permitted any Prohibited Activities or Conditions;

(b) except as disclosed to the Lender in writing, to the best of Mortgagor's knowledge after reasonable and diligent inquiry, no Prohibited Activities or Conditions exist or have existed;

(c) except to the extent previously disclosed by Mortgagor to Mortgagee or Lender in writing, the Mortgaged Property does not now contain any underground storage tanks, and, to the best of Mortgagor's knowledge after reasonable and diligent inquiry, the Mortgaged Property has not contained any underground storage tanks in the past. If there is an underground storage tank located on the Property which has been previously disclosed by Mortgagor to Mortgagee in writing, that tank complies with all requirements of Hazardous Materials Laws;

(d) Mortgagor has complied with all Hazardous Materials Laws, including all requirements for notification regarding releases of Hazardous Materials. Without limiting the generality of the foregoing, Mortgagor has obtained all Environmental Permits required for the operation of the Mortgaged Property in accordance with Hazardous Materials Laws now in effect and all such Environmental Permits are in full force and effect;

(e) no event has occurred with respect to the Mortgaged Property that constitutes, or with the passing of time or the giving of notice would constitute, noncompliance with the terms of any Environmental Permit;

(f) there are no actions, suits, claims or proceedings pending or, to the best of Mortgagor's knowledge after reasonable and diligent inquiry, threatened that involve the Mortgaged Property and allege, arise out of, or relate to any Prohibited Activity or Condition; and

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

The representations and warranties in this Section 2.11.5 shall be continuing representations and warranties that shall be deemed to be made by Mortgagor throughout the term of the Subordinate Loan evidenced by the Borrower Subordinate Promissory Note and the Note, until the Indebtedness has been paid in full.

2.11.6 Mortgagor shall promptly notify Mortgagee and Lender in writing upon the occurrence of any of the following events:

- (a) Mortgagor's discovery of any Prohibited Activity or Condition;
- (b) Mortgagor's receipt of or knowledge of any complaint, order, notice of violation or other communication from any Governmental Authority or other person with regard to present or future alleged Prohibited Activities or Conditions or any other environmental, health or safety matters affecting the Mortgaged Property or any other property of Mortgagor that is adjacent to the Mortgaged Property; and
- (c) any representation or warranty in this Section 2.11 becomes untrue after the date of this Mortgage.

Any such notice given by Mortgagor shall not relieve Mortgagor of, or result in a waiver of, any obligation under this Mortgage, the Borrower Subordinate Promissory Note, the Note, or any other Subordinate Loan Document.

2.11.7 Mortgagor shall pay promptly the costs of any environmental inspections, tests or audits ("Environmental Inspections") required by Mortgagee or Lender in connection with any foreclosure or deed in lieu of foreclosure, or as a condition of consent to any transfer under Article 6, or required by Mortgagee or Lender following a reasonable determination by Mortgagee or Lender that Prohibited Activities or Conditions may exist. Any such costs incurred by Mortgagee or Lender (including the fees and out-of-pocket costs of attorneys and technical consultants whether incurred in connection with any judicial or administrative process or otherwise) which Mortgagor fails to pay promptly shall become an additional part of the Indebtedness. As long as (i) no Event of Default has occurred and is continuing, (ii) Mortgagor has actually paid for or reimbursed Mortgagee and/or Lender for all costs of any such Environmental Inspections performed or required by Mortgagee, and (iii) Mortgagee or Lender is not prohibited by Law, contract or otherwise from doing so, Mortgagee or Lender shall make available to Mortgagor, without representation of any kind, copies of Environmental Inspections prepared by third parties and delivered to Mortgagee and, at Mortgagor's cost and expense, use reasonable efforts to assist Mortgagor in obtaining a letter or other documentation from such third party allowing the Mortgagor to rely on such Environmental Inspection. Mortgagee and Lender hereby reserve the right, and Mortgagor hereby expressly authorizes Mortgagee and Lender, to make available to any party, including any prospective bidder at a foreclosure sale of the Mortgaged Property, the results of any Environmental Inspections made by Mortgagee or Lender with respect to the Mortgaged Property. Mortgagor consents to Mortgagee or Lender notifying any party (either as part of a notice of sale or otherwise) of the results of any of Mortgagee's or Lender's Environmental Inspections, Mortgagor acknowledges that Mortgagee and Lender cannot control or otherwise assure the truthfulness or accuracy of the results of any of its Environmental Inspections and that

the release of such results to prospective bidders at a foreclosure sale of the Mortgaged Property may have a material and adverse effect upon the amount which a party may bid at such sale. Mortgagor agrees that Mortgagee and Lender shall have no liability whatsoever as a result of delivering the results of any of its Environmental Inspections to any third party, and Mortgagor hereby releases and forever discharges Mortgagee and Lender from any and all claims, damages, or causes of action, arising out of, connected with or incidental to the results of, the delivery of any of Mortgagee's or Lender's Environmental Inspections.

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

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

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

- (a) any breach of any representation or warranty of Mortgagor in this Section 2.11;
- (b) any failure by Mortgagor to perform any of its obligations under this Section 2.11;
- (c) the existence or alleged existence of any Prohibited Activity or Condition;

(d) the presence or alleged presence of Hazardous Materials on or under the Mortgaged Property or any property of Mortgagor that is adjacent to the Mortgaged Property; and

(e) the actual or alleged violation of any Hazardous Materials Law.

Mortgagor's liability under clauses (c), (d) and (e) of this Section 2.11.10 shall not extend to cover the violation of any Hazardous Materials Laws or Prohibited Conditions that first arise, commence or occur as a result of actions of Mortgagee, Lender, their successors, assigns or designees, after the satisfaction, discharge, release, assignment, termination or cancellation of the Mortgage following the payment in full of the Borrower Subordinate Promissory Note, the Note and all other sums payable under the Subordinate Loan Documents or after the actual dispossession from the entire Property of the Mortgagor and all entities which control, are controlled by, or are under common control with the Mortgagor following foreclosure of the Mortgage or acquisition of the Property by a deed in lieu of foreclosure.

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

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

2.11.13 Mortgagee agrees that the indemnity under this Section 2.11 shall be limited to the assets of Mortgagor and Mortgagee shall not seek to recover any deficiency from any natural persons who are general partners of Mortgagor.

2.11.14 Mortgagor shall, at its own cost and expense, do all of the following:

(a) pay or satisfy any judgment or decree that may be entered against any Indemnitee or Indemnitees in any legal or administrative proceeding incident to any matters against which Indemnitees are entitled to be indemnified under this Section 2.11;

(b) reimburse Indemnitees for any expenses paid or incurred in connection with any matters against which Indemnitees are entitled to be indemnified under this Section 2.11; and

(c) reimburse Indemnitees for any and all expenses, including fees and out-of-pocket expenses of attorneys and expert witnesses, paid or incurred in connection with the enforcement by Indemnitees of their rights under this Section 2.11, or in monitoring and participating in any legal or administrative proceeding incident to any matters against which Indemnitees are entitled to be indemnified under this Section 2.11.

2.11.15 In any circumstances in which the indemnity under this Section 2.11 applies, Mortgagee may employ its own legal counsel and consultants to prosecute, defend or negotiate any claim or legal or administrative proceeding and Mortgagee, with the prior written consent of Mortgagor (which shall not be unreasonably withheld, delayed or conditioned), may settle or compromise any action or legal or administrative proceeding. Mortgagor shall reimburse Mortgagee and Lender upon demand for all costs and expenses incurred by Mortgagee, and Lender, as applicable, including all costs of settlements entered into with Mortgagor's reasonable and good faith consent, and the fees and out-of-pocket expenses of such attorneys and consultants.

2.11.16 The provisions of this Section 2.11 shall be in addition to any and all other obligations and liabilities that Mortgagor may have under applicable law or under other Subordinate Loan Documents, and each Indemnitee shall be entitled to indemnification under this Section 2.11 without regard to whether Mortgagee or that Indemnitee has exercised any rights against the Mortgaged Property or any other security, pursued any rights against any guarantor, or pursued any other rights available under the Subordinate Loan Documents or applicable law. If more than one person or entity signs this Mortgage as Mortgagor, the obligation of those persons or entities to indemnify the Indemnitees under this Section 2.11 shall be joint and several. The obligation of Mortgagor to indemnify the Indemnitees under this Section 2.11 shall survive any repayment or discharge of the Indebtedness, any foreclosure proceeding, any foreclosure sale, any delivery of any deed in lieu of foreclosure, and any release of record of the lien of this Mortgage.

ARTICLE 3. CASUALTY AND CONDEMNATION

Section 3.1 Net Proceeds.

3.1.1 In the event of loss, Mortgagor shall give immediate written notice to the insurance carrier and to Mortgagee and Lender. Mortgagor hereby authorizes and appoints Lender as attorney in fact for Mortgagor to make proof of loss, to adjust and compromise any claims under policies of property damage insurance, to appear in and prosecute any action arising from such property damage insurance policies, to collect and receive the proceeds of property damage insurance, and to deduct from such proceeds Mortgagee's and/or Lender's expenses incurred in the collection of such proceeds. This power of attorney is coupled with an interest and therefore is irrevocable. However, nothing contained in this Section 3.1.1 shall require Lender or Mortgagee to incur any expense or take any action. Lender may, at Lender's option, (1) hold the balance of such proceeds to be used to reimburse Mortgagor for the cost of restoring and repairing the Mortgaged Property to the equivalent of its original condition or to a condition approved by Lender (the "Restoration"), or (2) apply the balance of such proceeds to the payment of the Indebtedness, whether or not then due. To the extent Lender determines to apply insurance proceeds to Restoration, Lender shall do so in accordance with Lender's then-current policies relating to the restoration of casualty damage on similar multifamily properties

3.1.2 Lender shall not exercise its option to apply insurance proceeds to the payment of the Indebtedness if all of the following conditions are met: (i) no Event of Default (or any event which, with the giving of notice or the passage of time, or both, would constitute an

Event of Default) has occurred and is continuing; (ii) Lender determines, in its discretion, that there will be sufficient funds to complete the Restoration; (iii) Lender determines, in its discretion, that the rental income from the Mortgaged Property after completion of the Restoration will be sufficient to meet all operating costs and other expenses, deposits to reserves and loan repayment obligations relating to the Mortgaged Property; (iv) Lender determines, in its discretion, that the Restoration will be completed before the earlier of (A) one year before the maturity date of the Borrower Subordinate Promissory Note or (B) one year after the date of the loss or casualty; (v) upon Lender's request, Mortgagor provides Mortgagee and Lender evidence of the availability during and after the Restoration of the insurance required to be maintained by Mortgagor pursuant to the Subordinate Loan Agreement; and (vi) no "Event of Default" has occurred and is continuing under the Subordinate Loan Agreement (as such term is defined in the Subordinate Loan Agreement).

3.1.3 In the event of the happening of any casualty of any kind or nature, ordinary or extraordinary, foreseen or unforeseen (including any casualty for which insurance was not obtainable), resulting in damage to or destruction of the Mortgaged Property or any part thereof, if Mortgagee shall have been directed by the Lender to apply any Net Proceeds in connection with such casualty towards the restoration of the Mortgaged Property, Mortgagor shall promptly, whether or not the Net Proceeds, if any, shall be sufficient for the purpose, commence and diligently continue to restore, repair and rebuild the Mortgaged Property as nearly as possible to its value, condition and character immediately prior to such damage or destruction.

Section 3.2 Condemnation.

3.2.1 Mortgagor shall promptly notify Mortgagee and Lender of any action or proceeding relating to any condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Mortgaged Property, whether direct or indirect (a "Condemnation"). Mortgagor shall appear in and prosecute or defend any action or proceeding relating to any Condemnation unless otherwise directed by Lender in writing. Mortgagor authorizes and appoints Lender as attorney in fact for Mortgagor to commence, appear in and prosecute, in Lender's or Mortgagor's name, any action or proceeding relating to any Condemnation and to settle or compromise any claim in connection with any Condemnation. This power of attorney is coupled with an interest and therefore is irrevocable. However, nothing contained in this Section 3.2.1 shall require Lender to incur any expense or take any action. Mortgagor hereby transfers and assigns to Lender all right, title and interest of Mortgagor in and to any award or payment with respect to (i) any Condemnation, or any conveyance in lieu of Condemnation, and (ii) any damage to the Mortgaged Property caused by governmental action that does not result in a Condemnation.

3.2.2 Lender may apply such awards or proceeds, after the deduction of Lender's and Mortgagee's expenses incurred in the collection of such amounts, at Lender's option, to the restoration or repair of the Mortgaged Property or to the payment of the Indebtedness, with the balance, if any, to Mortgagor. Unless Lender otherwise agrees in writing, any application of any awards or proceeds to the Indebtedness shall not extend or postpone the due date of any monthly installments referred to in the Borrower Subordinate Promissory Note or the Note or any Subordinate Loan Document, or change the amount of such installments.

Mortgagor agrees to execute such further evidence of assignment of any awards or proceeds as Lender may require.

3.2.3 Lender shall not exercise Lender's option to apply condemnation proceeds to the payment of the sums secured by the Mortgage if all of the following conditions are met: (1) the Mortgagor is not in breach or default of any provision of the Mortgage, the Borrower Subordinate Promissory Note, the Note or any other Subordinate Loan Document; (2) Lender determines that there will be sufficient funds to (A) restore and repair the Mortgaged Property to a condition approved by Lender, and (B) meet all operating costs and other expenses, payments for reserves and loan repayment obligations relating to the Mortgaged Property until completion of the restoration and repair of the Mortgaged Property to a condition approved by Lender; and (3) Lender determines that the rental income of the Mortgaged Property, after restoration and repair of the Mortgaged Property to a condition approved by Lender, will be sufficient to meet all operating costs and other expenses, payments for reserves and loan repayment obligations relating to the Mortgaged Property.

ARTICLE 4. PROPERTY AND LIABILITY INSURANCE

Section 4.1 Insurance Requirements.

4.1.1 Mortgagor shall keep the Improvements insured at all times as required under Section 5.4 of the Subordinate Loan Agreement.

4.1.2 Mortgagor shall comply with all insurance requirements hereunder and under the Subordinate Loan Agreement and shall not permit any condition to exist on the Mortgaged Property that would invalidate any part of any insurance coverage that this Mortgage required Mortgagor to maintain.

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

ARTICLE 5. ASSIGNMENT OF LEASES AND RENTS

Section 5.1 Assignment of Leases and Rents. Mortgagor hereby absolutely, presently and irrevocably transfers, assigns and sets over unto Mortgagee all Leases, if any, now or hereafter entered into by Mortgagor with respect to all or any part of the Mortgaged Property, and all renewals, extensions, subleases or assignments thereof, and all other occupancy agreements (written or oral), by concession, license or otherwise, together with all of the Rents arising therefrom and from the Mortgaged Property generally

Section 5.2 Mortgagor's Covenants Regarding Leases

5.2.1 Without the prior written consent and approval of the Lender in each instance, Mortgagor will not assign, pledge, hypothecate or otherwise encumber any of the Leases or the Rents except in connection with the Permitted Encumbrances.

5.2.2 Mortgagor will enforce the terms, covenants and conditions to be performed by all Tenants and other parties to any Lease or other agreement pertaining to the Mortgaged Property and will not collect rent from any Tenant for a period of more than two (2) months prior to the due dates of such rents, other than advance rent in the amount of one (1) months' rent collected at the time of execution of a Lease and held as a security deposit. Any such action in violation of this subsection shall be voidable at the option of the Lender.

5.2.3 In the event of enforcement by Mortgagee of the remedies provided for by law or by this Mortgage, each Tenant shall recognize such successor in interest as landlord (or sublandlord, as the case may be) under such Lease without change in the terms or other provisions thereof.

Section 5.3 License to Mortgagor. Mortgagee hereby grants to Mortgagor, not as a limitation or condition hereof, but as a personal covenant available only to Mortgagor and not to any lessee or other Person, a revocable license to collect all of the Rents (but not more than for more than two (2) months prior to the due dates of such rents, other than advance rent in the amount of one (1) months' rent collected at the time of execution of a Lease and held as a security deposit) and to retain, use and enjoy the same. Unless and until such license is revoked, Mortgagor agrees to collect and receive said Rents in trust for the benefit of Mortgagee and to use said Rents in payment of the Subordinate Loan Amount, the Impositions and carrying charges becoming due against the Mortgaged Property and other amounts due and owing under the Subordinate Loan Documents, and to pay the current costs and expenses of managing, operating and maintaining the Mortgaged Property, including utilities, taxes and insurance premiums, tenant improvements and other capital expenditures. So long as no Event of Default has occurred and is continuing, the Rents remaining after application pursuant to the preceding sentence may be retained by Mortgagor free and clear of, and released from, Mortgagee's rights with respect to Rents under this Mortgage. From and after the occurrence of an Event of Default, and without the necessity of Mortgagee entering upon and taking and maintaining control of the Mortgaged Property directly, or by a receiver, Mortgagor's license to collect Rents shall automatically terminate and Mortgagee shall without notice be entitled to all Rents as they become due and payable, including Rents then due and unpaid. Mortgagor shall pay to Mortgagee upon demand all Rents to which Mortgagee is entitled. At any time after the occurrence of an Event of Default, Mortgagee may give, and Mortgagor hereby irrevocably authorizes Mortgagee to give, notice to all tenants of the Mortgaged Property instructing them to pay all Rents to Mortgagee, provided, however, that the giving of any such notice by Mortgagee or the failure by Mortgagee to give any such notice shall not affect, in any way, Mortgagee's entitlement to the Rents as of the date on which the Event of Default occurs. No tenant shall be obligated to inquire further as to the occurrence or continuance of an Event of Default and no tenant shall be obligated to pay to Mortgagor any amounts which are actually paid to Mortgagee in response to such a notice. Any such notice by Mortgagee shall be delivered to each tenant

personally, by mail or by delivering such demand to each rental unit. Mortgagor shall not interfere with and shall cooperate with Mortgagee's collection of such Rents.

Section 5.4 Revocation of License; Actions Upon Default. If Mortgagee shall have revoked the license granted in Section 5.3 hereof, in addition to its rights and remedies set forth herein, Mortgagee may, as attorney-in-fact of the Mortgagor, and to the extent permitted by the laws of the State and Section 42 of the Code, make, enforce, or modify any of the Leases; obtain Tenants for and evict Tenants from the Mortgaged Property pursuant to the terms of their respective Leases; demand, fix and modify the rent, gross receipts and other charges and profits from the Mortgaged Property; institute all legal proceedings (including summary proceedings) for collection of all Rents and other charges; obtain possession of the Mortgaged Property or any part thereof, or enforce any other rights theretofore exercisable by Mortgagor; do any and all other acts which Mortgagee, in its sole and absolute discretion deems proper to protect the security hereof; and, with or without taking possession of the Mortgaged Property, in Mortgagor's own name, sue for or otherwise collect and receive all Rents and other charges, including those past due and unpaid, and apply the same, less the costs and expenses of operation and collection (including attorneys' fees and disbursements) in the following order:

- (a) to payment of all fees of the receiver, if any, approved by the court;
- (b) to the repayment when due of all tenant security deposits (with interest thereon, if required pursuant to applicable law);
- (c) to payment of all delinquent or current real estate taxes and special assessments payable with respect to the Mortgaged Property;
- (d) to payment of all premiums then due for the insurance required by the provisions of this Mortgage;
- (e) to payment of expenses incurred for normal maintenance of the Mortgaged Property; and
- (f) to Mortgagee in payment of the Indebtedness, whether then matured or not, until the same shall have been paid in full in such order of application as Mortgagee may elect, or, in the event that a foreclosure of the Mortgage shall have occurred, as a credit to the amount required to redeem from such foreclosure, and if there be no such redemption, then to Mortgagee absolutely;

provided, however, that any balance remaining after the Indebtedness shall have been paid in full shall be turned over to Mortgagor or such other person as may lawfully be entitled thereto. Neither the entry upon and taking possession of the Mortgaged Property, nor the collection and application of the Rents or other charges thereof as aforesaid, nor any other action taken by, Mortgagee in connection therewith, shall cure or waive any default hereunder or waive or modify any notice thereof or notice of acceleration of the Indebtedness theretofore given by Mortgagee.

ARTICLE 6.

TRANSFERS OF THE MORTGAGED PROPERTY OR INTERESTS IN MORTGAGOR

Section 6.1 Prohibition Against Transfers. Mortgagor shall not make transfers of the Mortgaged Property or interests in Mortgagor in violation of the Regulatory Agreement and except as permitted in Section 9.12 of the Subordinate Loan Agreement.

ARTICLE 7.

SECURITY AGREEMENT UNDER UNIFORM COMMERCIAL CODE

Section 7.1 Security Agreement. It is the intent of the parties hereto that this Mortgage shall constitute a Security Agreement within the meaning of the Uniform Commercial Code of the State (the "UCC") with respect to so much of the Mortgaged Property as is considered or as shall be determined to be of the type in which a security interest can be created under Article 9 of the UCC, together with all replacements thereof, substitutions therefor or additions thereto (the "Collateral"), and that a security interest shall attach thereto for the benefit of Mortgagee to secure the Indebtedness and all other sums and charges which may become due hereunder or under the Subordinate Loan Documents. Mortgagor hereby authorizes Mortgagee to file financing and continuation statements with respect to the Collateral without the signature of Mortgagor, if same is lawful; otherwise Mortgagor agrees to execute such financing and continuation statements as Mortgagee may request. If there shall exist an Event of Default under this Mortgage, Mortgagee, pursuant to the appropriate provisions of the UCC, shall have the option of proceeding as to both real and personal property in accordance with its rights to both real and personal property, in which event the default provisions of the UCC shall not apply. The parties agree that, in the event Mortgagee shall elect to proceed with respect to the Collateral separately from the real property, unless a greater period shall then be mandated by the UCC, five (5) days' notice of the sale of the Collateral shall be reasonable notice. The expenses of retaking, holding, preparing for sale, selling and the like incurred by Mortgagee shall be assessed against Mortgagor and shall include, but shall not be limited to, attorneys' fees, disbursements and other legal expenses incurred by Mortgagee. Mortgagor agrees that it will not remove or permit to be removed from the Mortgaged Property any of the Collateral without the prior written consent of Mortgagee, unless appropriate replacements free of superior title, liens or claims are immediately made having a value at least equal to the value of the items removed. All replacements, renewals and additions to the Collateral shall be and become immediately subject to the security interest of this Mortgage and the provisions of this Article. Mortgagor warrants and represents that all Collateral now is, and that replacements thereof, substitutions therefor or additions thereto, shall be free and clear of liens, encumbrances or security interest of others created after the date hereof.

Mortgagor agrees to promptly notify Mortgagee of any change in the name, address (if change is to a different state), organization or structure of the Mortgagor at least sixty (60) days prior to any such change and within thirty (30) days after change of address (but only if address remains in the same state) and Mortgagor will promptly execute any financing statements or other instruments reasonably deemed necessary by Mortgagee to prevent any filed financing statement from becoming misleading or losing their perfected status as a result of such change. Mortgagor shall provide to Mortgagee an opinion of counsel in the event of any change in location or organization or any change in the name of the Mortgagee. Such opinion shall state in

essence that Mortgagee's lien continues to be perfected and that all required filings are accurate and complete under the current filing requirements in the relevant jurisdiction for this financing.

From the date of its recording, this Mortgage shall be effective as a financing statement filed as a fixture filing with respect to all goods constituting part of the Collateral which are or are to become fixtures related to the real estate described herein. For this purpose, the following information is set forth:

A. Name and Address of Debtor:

Bradenton Leased Housing Associates III, LLLP
c/o Dominion Development & Acquisition, LLC
2905 Northwest Boulevard, Suite 150
Plymouth, MN 55441-7400
Attention: Mark S. Moorhouse

B. Jurisdiction of Organization and Organizational I.D. # of Debtor:

Jurisdiction of Organization: Minnesota
Organizational I.D. #:901114600027

C. Name and Address of Secured Party:

Housing Finance Authority of Manatee County, Florida
c/o Angela A. Abbott, Esq.
4420 S. Washington Avenue
Titusville, FL 32780

D. This document covers goods which are or are to become fixtures.

**ARTICLE 8.
EVENTS OF DEFAULT AND REMEDIES**

Section 8.1 Events of Default Defined. The occurrence of any one or more of the following shall constitute an Event of Default under this Mortgage:

8.1.1 any failure by Mortgagor to pay or deposit when due any amount required by the Borrower Subordinate Promissory Note, the Note, this Mortgage or any other Subordinate Loan Document;

8.1.2 any failure by Mortgagor to maintain the insurance coverage required by the Subordinate Loan Agreement;

8.1.3 any failure by Mortgagor to comply with the provisions of Section 9.14;

8.1.4 fraud or material misrepresentation or material omission by Mortgagor, or any of its officers, directors, trustees, general partners or managers or any guarantor in

connection with (A) the application for or creation of the Indebtedness, or (B) any financial statement, rent roll, or other report or information provided to Mortgagee during the term of the Indebtedness;

8.1.5 any Event of Default under Article 6;

8.1.6 the commencement of a forfeiture action or proceeding, whether civil or criminal, which, in Mortgagee's reasonable judgment could result in a forfeiture of the Mortgaged Property or otherwise materially impair the lien created by this Mortgage or Mortgagee's interest in the Mortgaged Property;

8.1.7 any failure by Mortgagor to perform any of its obligations under this Mortgage (other than those specified in Sections 8.1.1 through 8.1.6 above), as and when required, which continues for a period of thirty (30) days after notice of such failure by Mortgagee to Mortgagor, but no such notice or grace period shall apply in the case of any such failure which could, in Mortgagee's judgment absent immediate exercise by Mortgagee of a right or remedy under this Mortgage, result in harm to Mortgagee, impairment of the Borrower Subordinate Promissory Note, the Note or this Mortgage or any other security given under any other Subordinate Loan Document;

8.1.8 any failure by Mortgagor to perform any of its obligations as and when required under any Subordinate Loan Document other than this Mortgage which continues beyond the applicable cure period, if any, specified in that Subordinate Loan Document;

8.1.9 any exercise by the holder of any other debt instrument secured by a mortgage, deed of trust or deed to secure debt on the Mortgaged Property of a right to declare all amounts due under that debt instrument immediately due and payable; and

8.1.10 any default (including, but not limited to, any event constituting an Event of Default under and as defined in the Subordinate Loan Agreement) by the Mortgagor in the payment or performance of any obligation of the Mortgagor under, and which is not cured within any applicable grace or curative period contained in, any of (A) the Subordinate Loan Documents, (B) the Regulatory Agreement, or (C) any form of public, quasi-public, public/private or private debt and/or equity infusion, grant, subsidy, tax relief or abatement plan, program or other form of assistance approved by the Mortgagee, shall, at the Mortgagee's option, in its discretion, but subject to the terms and conditions of the Subordinate Loan Agreement, constitute an Event of Default under this Mortgage. Notwithstanding the foregoing, the obligations of the Mortgagor under the Regulatory Agreement are not secured by this Mortgage, and neither the Mortgagee nor any assignee of the Mortgagee shall seek to enforce the Regulatory Agreement or to take any action under it through any foreclosure or other action against the Mortgagor or the Mortgaged Property.

Mortgagor's limited partner shall have the right, but not the obligation, to cure any default and the Mortgagee agrees to accept such performance as if it were undertaken by Mortgagor itself.

Section 8.2 Remedies. Upon the occurrence and during the continuation of an Event of Default hereunder, Mortgagee may without further notice, presentment, demand or protest, all

of which are hereby expressly waived by Mortgagor to the extent permitted by applicable law, take such action as Mortgagee deems advisable to protect and enforce its rights in and to the Mortgaged Property, including, but without limiting the generality of the foregoing, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such manner as Mortgagee may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Mortgagee hereunder, under the other Subordinate Loan Documents, or at law or in equity:

8.2.1 declare the entire amount of the Indebtedness, together with all accrued and unpaid interest thereon, to be immediately due and payable, and upon such declaration such amounts shall become and be immediately due and payable, anything in the Borrower Subordinate Promissory Note, the Note, this Mortgage or the Subordinate Loan Documents to the contrary notwithstanding;

8.2.2 after such proceedings as may be required by any applicable law or ordinance, either in person, or by its agents or attorneys, or by a court-appointed receiver, enter into and upon all or any part of the Mortgaged Property and each and every part thereof and exclude Mortgagor, its agents and servants wholly therefrom; and having and holding the same, use, operate, manage and control the Mortgaged Property and conduct the business thereof, either personally or by its superintendents, managers, agents, servants, attorneys or the receiver; and upon every such entry, Mortgagee, at the expense of the Mortgaged Property, from time to time, either by repairs or construction, may maintain and restore the Mortgaged Property and, likewise may make all necessary or proper repairs, renewals and replacements and such alterations, betterments, additions and improvement thereto and thereon as to it may deem reasonably advisable; and in every such case Mortgagee shall have the right to manage and operate the Mortgaged Property and to carry on the business thereof and exercise all rights and powers of Mortgagor as Mortgagor's attorney-in-fact, or otherwise as it shall deem best; and Mortgagee shall be entitled to collect and receive all Rents and after deducting the reasonable expenses of conducting the business thereof and all maintenance, repairs, renewals, replacements, alterations, additions, betterments and improvements and amounts necessary to pay for Impositions, insurance and prior or other proper charges upon the Mortgaged Property, or any part thereof, as well as just and reasonable compensation for the services of Mortgagee, the Lender and for all attorneys, counsel, agents, clerks, servants and other employees or professionals engaged or employed by it, Mortgagee shall apply the moneys arising as aforesaid, first to the payment of the Indebtedness, whether or not then matured; next, to the payment of any other sums required to be paid by Mortgagor under this Mortgage; and the balance, if any, shall be turned over to Mortgagor or such other Person as may be lawfully entitled thereto; or

8.2.3 with or without entry, personally or by its agents or attorneys insofar as applicable:

(a) foreclose this Mortgage in accordance with the laws of the State and the provisions hereof, for the entire Indebtedness or for any portion of the Indebtedness or any other sums secured hereby which are then due and payable, subject to the continuing lien of this Mortgage for the balance of the Indebtedness not then due; or

(b) take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Borrower Subordinate Promissory Note, the Note, this Mortgage or any other Subordinate Loan Document or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy or otherwise as Mortgagee shall elect.

Section 8.3 Foreclosure; No Marshaling of Assets; One Tract; Appointment of Receiver.

8.3.1 In the case of a foreclosure sale, all of the Mortgaged Property may be sold in one parcel, notwithstanding that the proceeds of such sale exceed or may exceed the Indebtedness. Moreover, Mortgagee shall not be required to proceed hereunder before proceeding against any other security, shall not be required to proceed against other security before proceeding hereunder, and shall not be precluded from proceeding against any or all of any security in any order or at the same time. In the event that this Mortgage is foreclosed, Mortgagor hereby waives and releases any right to have the Mortgaged Property or any part thereof marshaled, and Mortgagor and Mortgagee have jointly agreed that the Mortgaged Property is one project and one tract for all purposes legal, economic and all other. Mortgagor for itself, its successors and assigns irrevocably waives any right it may have in the event of foreclosure to request that the Mortgaged Property be sold as separate tracts pursuant to any applicable law or statute.

8.3.2 Mortgagee, in any action to foreclose this Mortgage or otherwise upon the occurrence and during the continuation of an Event of Default, shall be entitled (and, to the extent permitted under the laws of the State, without notice, without regard to the adequacy of any security for the Indebtedness and without regard to the solvency of any Person, partnership or entity liable for the payment thereof) to the appointment of a receiver of the Mortgaged Property and the Rents.

8.3.3 Mortgagor agrees, to the full extent that it may lawfully do so, that in any foreclosure or other action brought by Mortgagee hereunder, it will not at any time insist upon or plead or in any way take advantage of any appraisal, valuation, stay, extension, redemption or moratorium law now or hereafter in force and effect so as to prevent, hinder or delay the enforcement of the provisions of this Mortgage or any right or remedies Mortgagee may have hereunder or by law.

8.3.4 If Mortgagor shall default hereunder and such default shall continue uncured beyond any applicable cure periods and Mortgagee shall elect to accelerate the Indebtedness, Mortgagor, within five (5) days after demand, will pay over to Mortgagee, or any receiver appointed in connection with the foreclosure of this Mortgage, any and all amounts then held as security deposits under all Leases.

8.3.5 Upon the acceleration of the Indebtedness or upon an Event of Default hereunder, and in addition to all other rights of Mortgagee provided herein or by law, Mortgagor shall, on demand of Mortgagee, surrender possession of the Mortgaged Property to Mortgagee; and Mortgagor hereby consents that Mortgagee may exercise any or all of the rights specified

herein. Mortgagor hereby irrevocably appoints Mortgagee attorney-in-fact, which appointment shall be coupled with an interest, of Mortgagor for such purposes. In the event that Mortgagor is an occupant of the Mortgaged Property, it agrees to vacate and surrender the possession of that portion of the Mortgaged Property which it occupies to Mortgagee immediately upon the acceleration of the Indebtedness or any Event of Default hereunder.

8.3.6 MORTGAGOR HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY.

Section 8.4 Remedies Cumulative; No Waiver; Etc.

8.4.1 No remedy herein conferred upon or reserved to Mortgagee is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of Mortgagee, the Lender or the Lender to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or any acquiescence therein; and every power and remedy given by this Mortgage to Mortgagee may be exercised from time to time as often as may be deemed expedient by Mortgagee. Nothing in this Mortgage or in any other Subordinate Loan Document shall affect the obligation of Mortgagor to perform its obligations under the Subordinate Loan Documents, including its payment obligations, in the manner and at the time and place therein respectively expressed.

8.4.2 A waiver in one or more instances of any of the terms, covenants, conditions or provisions hereof, of the Borrower Subordinate Promissory Note, the Note or of any other Subordinate Loan Document shall apply to the particular instance or instances and at the particular time or times only, and no such waiver shall be deemed a continuing waiver, but all of the terms, covenants, conditions and other provisions of this Mortgage, of the Borrower Subordinate Promissory Note, of the Note and of the other Subordinate Loan Documents shall survive and continue to remain in full force and effect; and no waiver shall be effective unless in writing, dated and signed by Mortgagee after consultation with the Lender.

8.4.3 Mortgagor hereby waives and renounces all homestead and similar exemption rights with respect to the Mortgaged Property provided for by the Constitution and the laws of the United States and the State as against the collection of the Borrower Subordinate Promissory Note, the Note, or any part thereof, or the Subordinate Loan Documents; and Mortgagor agrees that where, by the terms of this Mortgage, the Borrower Subordinate Promissory Note or the Note and the other Subordinate Loan Documents secured hereby, a day is named or a time fixed for the payment of any sum of money or the performance of any agreement, the day and time stated enters into the consideration and is of the essence of the whole agreement between Mortgagor and Mortgagee.

Section 8.5 No Merger. It is the intention of the parties hereto that if Mortgagee shall at any time hereafter acquire title to all or any portion of the Mortgaged Property, then and until the Indebtedness has been paid in full, the interest of Mortgagee hereunder and the lien of this Mortgage shall not merge or become merged in or with the estate and interest of Mortgagee as the holder and owner of title to all or any portion of the Mortgaged Property and that, until such

payment, the estate of Mortgagee in the Mortgaged Property and the lien of this Mortgage and the interest of Mortgagee hereunder shall continue in full force and effect to the same extent as if Mortgagee had not acquired title to all or any portion of the Mortgaged Property. If, however, Mortgagee shall consent in writing to such merger or such merger shall nevertheless occur without its consent, then this Mortgage shall attach to and cover and be a lien upon the fee title or any other estate, title or interest in the premises demised under the leasehold estate acquired by the fee owner and the same shall be considered as granted, released, assigned, transferred, pledged, and set over to Mortgagee and the lien hereof spread to cover such estate with the same force and effect as though specifically herein granted, released, assigned, transferred, pledged, set over and spread.

ARTICLE 9. PROVISIONS OF GENERAL APPLICATION

Section 9.1 Modifications. No change, amendment, modification, cancellation or discharge hereof, or any part hereof, shall be valid unless in writing, dated and signed by the party against whom such change, amendment, modification, cancellation or discharge is sought to be enforced.

Section 9.2 Notices. All notices, demands, requests, consents, approvals or other communications (hereinafter collectively called “Notices”) shall be sufficiently given and shall be deemed given in accordance with the provisions of Section 8.7 of the Subordinate Loan Agreement. A duplicate copy of each notice, demand, request, consent, approval or other communication given hereunder by the Mortgagee shall also be delivered to [Investor Limited Partner], and [Administrative Limited Partner], so long as it has a continuing ownership interest in the Mortgagor, shall have the opportunity to cure any Event of Default on behalf of Mortgagor hereunder in accordance with the applicable cure periods described in Section 8.1.

Section 9.3 Mortgagee’s Rights to Perform Mortgagor’s Covenants. If Mortgagor shall fail to pay or cause payment to be made to Mortgagee in accordance with the terms of this Mortgage, or to perform or observe any other term, covenant, condition or obligation required to be performed or observed by Mortgagor under this Mortgage, the Borrower Subordinate Promissory Note, the Note or any other Subordinate Loan Document, without limiting any other provision of this Mortgage, and without waiving or releasing Mortgagor from any obligation or default hereunder, without further notice to Mortgagor (other than notices required under Article 8 above), Mortgagee (or any receiver of the Mortgaged Property) shall have the right, but not the obligation, to make any such payment, or to perform any other act or take any appropriate action, including, without limitation, entry on the Mortgaged Property and performance of work thereat, as it, in its sole discretion, may deem necessary to cause such other term, covenant, condition or obligation to be performed or observed on behalf of Mortgagor or to protect the security of this Mortgage. All monies expended by Mortgagee in exercising its rights under this Section (including, but not limited to, reasonable legal expenses and disbursements), together with interest thereon at the Default Rate from the date of each such expenditure, shall be paid by Mortgagor to Mortgagee forthwith upon demand by Mortgagee, secured by this Mortgage and added to and deemed part of the Indebtedness with the benefit of the lien hereby created as a part thereof prior to any right, title or interest in or claim upon the Mortgaged Property attaching or accruing subsequent to the lien of this Mortgage.

Section 9.4 Additional Sums Payable by Mortgagor. All sums which, by the terms of this Mortgage, the Borrower Subordinate Promissory Note or the Note or the other Subordinate Loan Documents secured hereby, or by the instruments executed and delivered by Mortgagor to Mortgagee as additional security for this Mortgage, the Borrower Subordinate Promissory Note, the Note and the other Subordinate Loan Documents, are payable by Mortgagor to Mortgagee shall, together with the interest thereon provided for herein, in the Borrower Subordinate Promissory Note or in the Note or the other Subordinate Loan Documents, be secured by this Mortgage and added to and deemed part of the Indebtedness and shall have the benefit of the lien hereby created as a part thereof prior to any right, title or interest in or claim upon the Mortgaged Property attaching or accruing subsequent to the lien of this Mortgage, whether or not the provision which obligates Mortgagor to make any such payment to Mortgagee specifically so states.

Section 9.5 Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit, enlarge or describe the scope or intent of this Mortgage or the construction of any provision hereof.

Section 9.6 Successors and Assigns. The covenants and agreements contained in this Mortgage shall run with the land and bind Mortgagor, the heirs, executors, administrators, principals, legal representatives, successors and assigns of Mortgagor and each person constituting Mortgagor and all subsequent owners, encumbrances and Tenants of the Mortgaged Property, or any part thereof, and shall inure to the benefit of Mortgagee, its successors and assigns and all subsequent beneficial owners of this Mortgage.

Section 9.7 Gender and Number. Wherever the context of this Mortgage so requires, the neuter gender includes the masculine or feminine gender and the singular number includes the plural.

Section 9.8 Severability. In case any one or more of the provisions contained in this instrument shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof, but this Mortgage shall be construed as if such invalid, illegal or unenforceable provision had never been included.

Section 9.9 Subrogation. Should the proceeds of the Subordinate Loan be used directly or indirectly to pay off, discharge, or satisfy, in whole or in part, any prior lien or encumbrance upon the Mortgaged Property or any part thereof, then Mortgagee shall be subrogated to such other lien or encumbrance and to any additional security held by the holder thereof and shall have the benefit of the priority of all of the same.

Section 9.10 Incorporation of the Subordinate Loan Documents. This Mortgage, the Borrower Subordinate Promissory Note and the Note secured hereby have been executed and delivered to secure monies advanced or to be advanced to Mortgagor to be used in accordance with the Subordinate Loan Documents, the provisions of which, as the same may be amended, modified or supplemented from time to time, are incorporated herein by reference with the same force and effect as if herein fully set forth.

Section 9.11 Controlling Law. This Mortgage shall be governed by, and construed and enforced in accordance with, the laws of the State, without giving effect to conflict of laws principles, except as required by mandatory provisions of law and except to the extent that the UCC provides that the validity or perfection of the security interests hereunder, or remedies hereunder in respect of any particular collateral, are governed by the laws of a jurisdiction other than the laws of the State.

Section 9.12 Lender. Mortgagor acknowledges that Mortgagee has appointed Lender as Mortgagee's agent for purposes of servicing the Subordinate Loan in accordance with the Subordinate Loan Agreement. Mortgagor consents to such appointment and agrees to perform its obligations hereunder for the benefit of the Lender to the extent set forth herein or in the Subordinate Loan Agreement.

Section 9.13 Estoppel Certificate. Within ten (10) days after a request from Mortgagee, Mortgagor shall deliver to Mortgagee a written statement, signed and acknowledged by Mortgagor, certifying to Mortgagee or any person designated by Mortgagee, as of the date of such statement, (i) that the Subordinate Loan Documents are unmodified and in full force and effect (or, if there have been modifications, that the Subordinate Loan Documents are in full force and effect as modified and setting forth such modifications); (ii) the unpaid principal balance of the Borrower Subordinate Promissory Note and the Note; (iii) the date to which interest under the Borrower Subordinate Promissory Note and the Note has been paid; (iv) that Mortgagor is not in default in paying the Indebtedness or in performing or observing any of the covenants or agreements contained in this Mortgage or any of the other Subordinate Loan Documents (or, if the Mortgagor is in default, describing such default in reasonable detail); (v) whether or not there are then existing any setoffs or defenses known to Mortgagor against the enforcement of any right or remedy of Mortgagee under the Subordinate Loan Documents; and (vi) any additional facts requested by Mortgagee. Mortgagee shall deliver to Mortgagor such statements or certificates in connection with the Subordinate Loan as are required by applicable law.

Section 9.14 Single Asset Mortgagor. Until the Indebtedness is paid in full, Mortgagor (a) shall not acquire any real or personal property other than the Mortgaged Property and personal property related to the operation and maintenance of the Mortgaged Property; (b) shall not operate any business other than the management and operation of the Mortgaged Property; and (c) shall not maintain its assets in a way difficult to segregate and identify.

ARTICLE 10. SPECIAL PROVISIONS

Section 10.1 Future Advances. This Mortgage shall secure any additional loans as well as any and all present or future advances and readvances under the Indebtedness made by Mortgagee to or for the benefit of Mortgagor or the Property within twenty (20) years from the date hereof (whether such advances are obligatory or are made at the option of Mortgagee or otherwise), including, without limitation: (i) principal, interest, late charges, fees and other amounts due under the Indebtedness or this Mortgage; (ii) all advances by Mortgagee to Mortgagor or any other person to pay costs of erection, construction, alteration, repair, restoration, maintenance and completion of any improvements on the Property; (iii) all advances

made or costs incurred by Mortgagee for the payment of real estate taxes, assessments or other governmental charges, maintenance charges, insurance premiums, appraisal charges, environmental inspection, audit, testing or compliance costs, and costs incurred by Mortgagee for the enforcement and protection of the Property or the lien of this Mortgage; and (iv) all legal fees, costs and other expenses incurred by Mortgagee by reason of any default or otherwise in connection with the Indebtedness. The total amount of the Indebtedness that may be so secured may decrease to a zero amount from time to time, or may increase from time to time, but the total unpaid balance secured at any one time shall not exceed [\$3,124,500] total.

Section 10.2 Extended Low-Income Housing Commitment. The Mortgagee agrees that the lien of the Mortgage shall be subordinate to any extended low-income housing commitment (as such term is defined in Section 42(h)(6)(B) of the Internal Revenue Code) (the “Extended Use Agreement”) recorded against the Mortgaged Property; provided that such Extended Use Agreement, by its terms must terminate upon foreclosure under the Mortgage or upon a deed of the Mortgaged Property by instrument in lieu of foreclosure, in accordance with Section 42(h)(6)(E) of the Internal Revenue Code. The Mortgagor acknowledges and agrees that any default, event of default, or breach (however such terms may be defined) under the Extended Use Agreement shall be an event of default under this Mortgage and that any costs, damages or other amounts, including reasonable attorneys’ fees incurred by the Mortgagee as a result of an event of default by the Mortgagor, and any amounts paid to cure any default under the Extended Use Agreement, shall be an obligation of the Mortgagor and become a part of the debt secured by the Mortgage.

Section 10.3 Action of Mortgagee. Notwithstanding anything herein to the contrary, the parties agree that the Mortgagee has the right to exercise certain remedies and take certain actions in connection with an Event of Default hereunder.

Section 10.4 Reserved.

Section 10.5 Borrower Subordinate Promissory Note. Notwithstanding any provision of the Mortgage to the contrary, it is understood and agreed that the Note evidences indebtedness in respect of the Borrower Subordinate Promissory Note.

[Signature page to follow]

IN WITNESS WHEREOF, Mortgagor has duly executed this Mortgage as of the day and year first above written.

WITNESSED BY:

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

Name

By: _____

Name: Christopher P. Barnes

Title: Vice President

Name

[SIGNATURE PAGE FOR SUBORDINATE MORTGAGE]

STATE OF MINNESOTA:)
)
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ___ day of June, 2017, by Christopher P. Barnes, Vice President of BRADENTON LEASED HOUSING ASSOCIATES III, LLC, a Minnesota limited liability company and general partner of BRADENTON LEASED HOUSING ASSOCIATES III, LLLP, a Minnesota limited liability limited partnership.

Such person did/did not take an oath and:

- is personally known to me.
- produced a current Florida driver's license as identification.
- produced _____ as identification.

{Notary Seal must be affixed}

Signature of Notary

Name of Notary (Typed, Printed or Stamped

Commission Number (if not legible on seal): _____

My Commission Expires (if not legible on seal):

EXHIBIT A

**LEGAL DESCRIPTIONS OF RIVER TRACE APARTMENTS PROJECT
AND RIVER TRACE HOMES PROJECT**

All that certain real property situated in Manatee County, Florida, described as follows:

Parcel 1:

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

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

Parcel 2:

Commencing at the NE corner of Lot 3 of the SW 114 of the NW 1/4 of Section 32, Township 34 South, Range 18 East of the Tallahassee Meridian, of the subdivision of FAIR OAKS, as recorded in Plat Book 1, Page 171, of the Public Records of Manatee County Florida, thence Westerly 322.50 feet to the NE corner of lands conveyed by Deed recorded in Official Records Book 707, Page 476, of said Public Records thence South 330.00 feet to the South boundary line of said Lot 3 and the SE corner of abutting lands conveyed to Laurence R. Riddick, thence Easterly 322.50 feet to the SE corner of said Lot 3, thence Northerly 330.00 feet to the Point of Beginning.

Parcel 3:

The South 165.00 feet of the West one-half of Lot 3 of the SW 1/4 of the NW 114 of Section 32, Township 34 South, Range 18 East of the Tallahassee Meridian, a subdivision of FAIR OAKS as recorded in Plat Book 1, Page 171, of the Public Records of Manatee County, Florida.

LESS: Right-of-way of 27th Street East described in Order of Taking recorded in Official Records Book 275, Page 402.

Parcel 4:

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

Parcel 5:

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