

**FINANCIAL MONITORING AGREEMENT
(River Trace Project)**

THIS FINANCIAL MONITORING AGREEMENT (the “Agreement”) is made as of June 1, 2017, by and among the **HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA**, a public corporation and a public body corporate and politic duly created and existing under the laws of the State of Florida (the “Authority” or the “Issuer”), **FIRST HOUSING DEVELOPMENT CORPORATION OF FLORIDA** (the “Monitoring Agent”), **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, having a corporate trust office in Saint Paul, Minnesota, in its capacity as fiscal agent (in such capacity, the “Fiscal Agent”), and **BRADENTON LEASED HOUSING ASSOCIATES III, LLLP**, a Minnesota limited liability limited partnership (the “Borrower”).

W I T N E S S E T H:

WHEREAS, all capitalized terms in this Agreement not otherwise defined shall have the meanings set forth in the Funding Loan Agreement (hereinafter defined); and

WHEREAS, the Issuer has been created and organized pursuant to and in accordance with the provisions of Chapter 159, Part IV, Florida Statutes, as amended (the “Act”), for the purpose, among others, of financing the costs of residential developments that will provide decent, safe and sanitary housing for persons or families of low, moderate or middle income in Manatee County, Florida (the “County”); and

WHEREAS, the Act authorizes the Issuer; (a) to make loans to sponsors to provide financing for residential developments located within the County, and intended to be occupied to the extent required by applicable state or federal tax law by persons or families of low, moderate and middle income; (b) to issue revenue bonds for the purpose of obtaining monies to make such loans and provide such financing and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; and (c) pledge all or any part of the revenues and receipts to be received by the Issuer from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the Borrower has requested the Issuer to make (i) a first mortgage loan to the Borrower in the maximum aggregate principal amount of not exceeding \$_____ (the “Project Loan”) on a draw-down basis, (ii) a second mortgage loan to the Borrower in the maximum amount of not exceeding \$3,000,000 (the “Bridge Loan”), on a draw-down basis, which in both cases provides for a portion of the financing costs of the acquisition and rehabilitation of a 178 unit multifamily rental housing project located at 2710 River Circle, Bradenton, Florida 34208 known as “River Trace Apartments” (the “River Trace Project”) and 40 single family homes located at 1449 17th Street, Circle E, Bradenton, Florida 34205 to be used for rental purposes and known as “Manatee Pond Single Family Rental Homes” (collectively with the River Trace Project, the “Development”); and

WHEREAS, pursuant to its lawful authority under the Act and pursuant to a resolution of the Issuer adopted on June 13, 2017, the Issuer is making the Project Loan and the Bridge Loan to the Borrower with the proceeds received from a loan in the maximum aggregate

principal amount of \$_____ (the “Funding Loan” and, together with the Project Loan and the Bridge Loan, the “Senior Loans”) made to the Issuer pursuant to a Funding Loan Agreement dated as of June 1, 2017 (the “Funding Loan Agreement”), by and among the Issuer, the Fiscal Agent and JPMorgan Chase Bank, N.A., as initial funding lender (the “Initial Funding Lender”); and

WHEREAS, the Funding Loan is evidenced by the Issuer’s Housing Finance Authority of Manatee County, Florida Multifamily Housing Revenue Note (River Trace Project), Series 2017A (the “Series A Note”) and its Housing Finance Authority of Manatee County, Florida Taxable Multifamily Housing Revenue Note (River Trace Project), Series 2017B (the “Series B Note” and together with the Series A Note, the “Senior Notes”), each dated June __, 2017, and each delivered by the Issuer to the Initial Funding Lender, the proceeds of the Notes will provide funds to fund the Project Loan and the Bridge Loan to the Borrower in order for the Borrower to acquire, rehabilitate and equip the Development; and

WHEREAS, the Borrower has requested the Issuer to make a subordinate loan (the “Subordinate Loan” and, collectively referred to with the Senior Loans as, the “Loans”) pursuant to a Subordinate Loan Agreement dated as of June 1, 2017, by and between the Issuer and the Borrower and to issue and deliver its Subordinate Multifamily Housing Revenue Note (River Trace Project), Series 2017C (the “Subordinate Note” and, collectively referred to with the Senior Notes as, the “Notes”) in the original aggregate principal amount of \$2,949,500, directly to River Oaks Housing Partners, Ltd., a Florida limited partnership in order to provide purchase money financing for the Borrower for a portion of the costs of the acquisition and rehabilitation of the River Trace Project; and

WHEREAS, the Authority has contracted with First Housing Development Corporation of Florida, to serve as the Monitoring Agent (“Monitoring Agent”) for the Development pursuant to the terms and conditions of this Agreement.

NOW THEREFORE, for the consideration contained herein, the Authority, the Borrower and the Monitoring Agent agree as follows:

1. First Housing Development Corporation of Florida, is designated the Monitoring Agent for the Development for a term equal to the Qualified Project Period (as defined in the Regulatory Agreement) or until terminated in accordance with this Agreement.
2. The duties of the Monitoring Agent shall be to:
 - A. Perform financial monitoring of the Loans.
 - B. Obtain and maintain certain financial information for the Authority with regard to the Development.
 - C. Provide the Authority with written reports in a form approved by the Authority.
 - D. Provide the Authority with a report on the Development’s annual budget within 60 days after the beginning of the Development’s Fiscal Year.

E. Provide the Authority with a report on the Development's mid-year operating results within 90 days after the Development's mid-year.

F. Provide the Authority with a report on the Development's year-end operating results within 90 days after the Development's year-end.

G. Provide the Authority with a report summarizing the Development's audited financial performance within 160 days after the end of the Development's Fiscal Year.

H. Provide the Authority with an annual Executive Summary Report within 160 days after the end of the Development's Fiscal Year.

3. For the purposes of this Agreement, Financial Monitoring shall mean:

A. Obtain the Development's mid-year operating results in a form approved by the Authority. The Monitoring Agent will review the interim operating results and annualize the numbers, the Monitoring Agent shall compare the annualized results to projections. The Monitoring Agent shall report any unusual variances or trends and provide a copy of the analysis to the Authority.

B. Obtain the Development's annual audited financial statements when due. The Monitoring Agent shall provide an analysis of the Development's balance sheet, income statement, and any other schedules, in a form approved by the Authority. The Monitoring Agent shall compare actual year end results to projections and budget (if applicable).

C. Provide a written report to the Authority summarizing the results of the financial statement analysis within 160 days after the end of the Development's fiscal year end. (This assumes that the Development submits its annual audited financial statements within 120 days after year end, thus allowing the Monitoring Agent 40 days for which to complete the analysis.).

4. As set forth in paragraph 8, for the above described services, the Monitoring Agent shall be paid 1.5 basis points per annum (0.015%) on the principal amount of Notes outstanding on the Development payable on January 1 and July 1 commencing January 1, 2018, with a \$1,955.00 minimum per annum. On January 1st of each year, the minimum fee shall be adjusted, but not decreased, based on the South Region Consumer Price Index for the twelve month period ending each November 30th.

5. The Borrower hereby agrees to pay the fee described above and to provide the Monitoring Agent reasonable access to the Development and Development records at reasonable times and upon reasonable notice so as to allow the Monitoring Agent to fulfill its obligations to the Authority. The Borrower further agrees to provide the Monitoring Agent on behalf of the Authority the following documents:

A. Annual budget for the Development not later than thirty (30) days prior to the beginning of each Fiscal Year of the Development. The annual budget should be in the form attached hereto as Exhibit A.

B. Interim operating results within 45 days after the end of the Development's mid-year. Mid-year Operating Statements should be in the form attached hereto as Exhibit B.

C. End of year operating results within 45 days after the Development's year-end. End of year Operating Statements should be in the form attached hereto as Exhibit C.

D. Annual Audited Financial Statements for the Development within 120 days of the end of the Borrower's Fiscal Year.

E. Certified rent roll as of the last day of the last month of the Development's Fiscal Year.

F. Month by month occupancy reports on a monthly basis shall be provided commencing on the first month following the issuance of the Development's first certificate of occupancy.

G. Schedule of Capital Repairs/Improvements for the current Fiscal Year and for any projected Fiscal Years beyond the current Fiscal Year to the extent not contained in the Annual Budget.

6. The Authority agrees to provide the Monitoring Agent with a Development description including unit mix information, with income and expense projections which were provided to the Monitoring Agent in conjunction with the underwriting of the Loans.

7. This Agreement may be terminated by the Authority, with or without cause, upon 10 days' written notice to the Monitoring Agent. Such termination does not relieve the Borrower from its obligation to pay the fees described herein.

8. The Borrower shall provide compensation for the services rendered by the Monitoring Agent hereunder in accordance with the following provisions:

A. The annual compensation of the Monitoring Agent for the monitoring services specified hereunder shall be paid by the Fiscal Agent, from corresponding fees paid by the Borrower to the Fiscal Agent, in an amount equal to 0.015% per annum of the principal balance of the Notes outstanding as of each January 1 and July 1 (prior to any principal reduction on such date) or a minimum of \$1,995.00 per annum, payable in arrears on the dates provided in the Funding Loan Agreement. On January 1st of each year, the minimum fee shall be adjusted, but not decreased, based on the South Region Consumer Price Index for the twelve month period ending each November 30th.

B. The Monitoring Agent's rights to compensation hereunder for monitoring services shall cease upon the occurrence of any of the following events:

(1) the end of the Qualified Project Period (as defined in the Regulatory Agreement);

(2) notification by the Fiscal Agent to the Monitoring Agent that its services or this Agreement shall be terminated by the Authority or the Fiscal Agent with the Authority's consent, with or without cause.

C. No termination fee shall be due the Monitoring Agent in the event this Agreement is terminated (with or without cause) by the Authority or the Fiscal Agent.

D. Any fees not paid by the Borrower may be paid upon written direction from the Authority, by the Fiscal Agent (from amounts available under the Project Loan Agreement) and charged against the Loans unless Borrower gives the Authority and the Fiscal Agent written notice that such fees are disputed prior to such fee being paid by the Fiscal Agent.

9. The parties hereto acknowledge that other persons or parties may have access to the reports described herein in that they may become public records of the Authority.

10. The persons executing this Agreement acknowledge and represent that they have the legal authority to execute this document and to commit the party for which they are executing to the terms of this Agreement.

11. This Agreement and the information provided to the Authority hereunder are solely for the information, benefit and use of the Authority and the Authority undertakes no responsibility or obligation hereby to any third party, including, without limitation, the Bondholders, to monitor, assure or enforce the performance by the Borrower of its obligations with respect to the Loans or the Development. No other party, including without limitation, the Bondholders, shall be entitled to rely on the information and services of the Monitoring Agent hereunder.

[SIGNATURE PAGES TO FOLLOW]

**SIGNATURE PAGE FOR
FINANCIAL MONITORING AGREEMENT
(RIVER TRACE PROJECT)**

IN WITNESS WHEREOF, the parties have hereunto set their hands and affixed their seals the day and year first above written.

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

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

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

**SIGNATURE PAGE FOR
FINANCIAL MONITORING AGREEMENT
(RIVER TRACE PROJECT)**

HOUSING FINANCE AUTHORITY OF
MANATEE COUNTY, FLORIDA

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

ATTEST:

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

**SIGNATURE PAGE FOR
FINANCIAL MONITORING AGREEMENT
(RIVER TRACE PROJECT)**

**FIRST HOUSING DEVELOPMENT
CORPORATION OF FLORIDA, a**
Florida corporation

By: _____
Name: Edward Busansky
Title: Senior Vice President

**SIGNATURE PAGE FOR
FINANCIAL MONITORING AGREEMENT
(RIVER TRACE PROJECT)**

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

By: _____

Name: Dan Sheff

Title: Vice President

EXHIBIT A
FORM OF ANNUAL BUDGET

Housing Finance Authority of Manatee County
PROJECT ANNUAL: BUDGET VS. ACTUAL REVENUES AND EXPENSES

Page 1 of 2

Service: First Housing
Period: to

Note Issue Year and Series: Series 2017 Note

Project Name: River Trace
Units: 218

DESCRIPTION	Projected Annual (1)	Actual Annual (2)	Variance Annual (1) - (2)
REVENUE			
Gross Potential Rental Revenue	0	0	0
Less:			
Vacancy Loss	0	0	0
Collection Loss	0	0	0
Effective Gross Revenue (EGR)	0	0	0
Other Income:			
Laundry/Vending	0	0	0
Miscellaneous Income	0	0	0
Interest Income	0	0	0
TOTAL EFFECTIVE GROSS REVENUE	0	0	0
EXPENSES			
FIXED			
Taxes	0	0	0
Insurance	0	0	0
VARIABLE			
Management Fees	0	0	0
General & Administrative	0	0	0
Payroll Expenses	0	0	0
Utilities	0	0	0
Marketing and Advertising	0	0	0
Maintenance and Repairs	0	0	0
Grounds Maintenance and Landscaping	0	0	0
Security	0	0	0
Replacement Reserves	0	0	0
Other:	0	0	0
Other: Turnover Expense	0	0	0
TOTAL EXPENSES	0	0	0
NET OPERATING INCOME	0	0	0

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PROJECT ANNUAL: BUDGET VS. ACTUAL REVENUES AND EXPENSES

DESCRIPTION	Projected Annual (1)	Actual Annual (2)	Variance Annual (1) - (2)
DEBT SERVICE PAYMENTS			
First Mortgage	0	0	0
Second Mortgage	0	0	0
Third Mortgage	0	0	0
Other Fees- Letter of Credit/Guaranty	0	0	0
HFAMC Fees - Corp./Trustee/Service etc.	0	0	0
TOTAL DEBT SERVICE PAYMENTS	0	0	0
OPERATING INCOME AFTER DEBT SERVICE - BEFORE TAX CASH FLOW	0	0	0
RECONCILIATION TO NET INCOME			
Less:			
Depreciation	0	0	0
Amortization	0	0	0
Other:	0	0	0
Plus:			
Debt Service - Principal Portion	0	0	0
Replacement Reserve Funding	0	0	0
Other:	0	0	0
PROJECTED NET INCOME (LOSS)	0	0	0

PROJECTED CAPITAL EXPENDITURES	PROJECTED	ACTUAL	VARIANCE
1. Carpet/Vinyl	0	0	0
2. HVAC Replacements	0	0	0
3. Appliances	0	0	0
4. Water Heater	0	0	0
TOTALS	0	0	0

This schedule was prepared by: _____ Signature: _____

Name (Print): _____

Title: _____

Date Prepared: _____

Telephone #: _____

Fax #: _____

EXHIBIT B

FORM OF MID-YEAR OPERATING STATEMENT

Housing Finance Authority of Manatee County

Page 1 of 2

PROJECT MID-YEAR: BUDGET VS. ACTUAL REVENUES AND EXPENSES

Service: First Housing

Period: _____ to _____

Note Issue Year and Series: Series 2017 Note

Project Name: River Trace

Units: 218

DESCRIPTION	Projected Mid-Year (1)	Actual Mid-Year (2)	Variance Mid-Year (1) - (2)
REVENUE			
Gross Potential Rental Revenue	0	0	0
Less:			
Vacancy Loss	0	0	0
Collection Loss	0	0	0
Effective Gross Revenue (EGR)	0	0	0
Other Income:			
Laundry/Vending	0	0	0
Miscellaneous Income	0	0	0
Interest Income	0	0	0
TOTAL EFFECTIVE GROSS REVENUE	0	0	0
EXPENSES			
FIXED			
Taxes	0	0	0
Insurance	0	0	0
VARIABLE			
Management Fees	0	0	0
General & Administrative	0	0	0
Payroll Expenses	0	0	0
Utilities	0	0	0
Marketing and Advertising	0	0	0
Maintenance and Repairs	0	0	0
Grounds Maintenance and Landscaping	0	0	0
Security	0	0	0
Replacement Reserves	0	0	0
Other:	0	0	0
Other: Turnover Expense	0	0	0
TOTAL EXPENSES	0	0	0
NET OPERATING INCOME	0	0	0

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DESCRIPTION	Projected Mid Year(1)	Actual Annual (2)	Variance MidYear (1) - (2)
DEBT SERVICE PAYMENTS			
First Mortgage	0	0	0
Second Mortgage	0	0	0
Third Mortgage	0	0	0
Other Fees - Letter of Credit/Guaranty	0	0	0
HFAMC Fees - Corp./Trustee/Service etc.	0	0	0
TOTAL DEBT SERVICE PAYMENTS	0	0	0
OPERATING INCOME AFTER DEBT SERVICE - BEFORE TAX CASH FLOW	0	0	0
RECONCILIATION TO NET INCOME			
Less:			
Depreciation	0	0	0
Amortization	0	0	0
Other:	0	0	0
Plus:			
Debt Service - Principal Portion	0	0	0
Replacement Reserve Funding	0	0	0
Other:	0	0	0
PROJECTED NET INCOME (LOSS)	0	0	0

This schedule was prepared by: Signature: _____

Name (Print): _____

Title: _____

Date Prepared: _____

Telephone #: _____

Fax #: _____

EXHIBIT C

FORM OF YEAR-END OPERATING STATEMENT

Housing Finance Authority of Manatee County
PROJECT BUDGET: MID-YEAR AND ANNUAL

Page 1 of 2

Servicer: First Housing

Period: _____ to _____

Note Issue Year and Series: Series 2017 Note

Project Name: River Trace

Units: 218

DESCRIPTION	Projected Mid-Year	Projected Annual
REVENUE		
Gross Potential Rental Revenue	0	0
Less:		
Vacancy Loss	0	0
Collection Loss	0	0
Effective Gross Revenue (EGR)	0	0
Other Income:		
Laundry/Vending	0	0
Misc. Income / Advance from Owner	0	0
Interest Income	0	0
TOTAL EFFECTIVE GROSS REVENUE	0	0
EXPENSES		
FIXED		
Taxes	0	0
Insurance	0	0
VARIABLE		
Management Fees	0	0
General & Administrative	0	0
Payroll Expenses	0	0
Utilities	0	0
Marketing and Advertising	0	0
Maintenance and Repairs	0	0
Grounds Maintenance and Landscaping	0	0
Security	0	0
Replacement Reserves	0	0
Other:	0	0
Other: Turnover Expense	0	0
TOTAL EXPENSES	0	0
NET OPERATING INCOME	0	0

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