**RIDER TO MULTIFAMILY LOAN AND SECURITY AGREEMENT**

**LEASE-UP DEBT SERVICE RESERVE**

**(Revised 6-15-2021)**

The following changes are made to the Loan Agreement which precedes this Rider:

**[COMPLETE ALL BLANKS IN ACCORDANCE WITH COMMITMENT/ERLA]**

A. Section 4.16 is deleted and replaced with the following:

**4.16 Lease-Up Debt Service Reserve for Lease-Up Transaction.** As a condition to making the Loan, Lender has required Borrower to establish the Lease-Up Debt Service Reserve to ensure that adequate funds are available for, among other things, payment of any Projected Deficit.

(a) Establishment of Lease-Up Debt Service Reserve. Borrower has established the Lease-Up Debt Service Reserve as of the date of this Loan Agreement by depositing the Lease-Up Debt Service Reserve Amount with Lender.

(b) Use of Lease-Up Debt Service Reserve. Subject to the pledge and security interest, and other rights of Lender set forth in this Loan Agreement, the Lease-Up Debt Service Reserve will be maintained for the purpose of assuring Lender that adequate funds are available for the payment of any Monthly Deficit during the Lease-Up Debt Service Reserve Period.

(c) Letter of Credit. Borrower agrees that any Letter of Credit deposited with Lender is in lieu of cash and is for the convenience of the Borrower. Lender will be entitled to draw on the Letter of Credit at any time and in no event will be liable for any damages as a result of drawing on the Letter of Credit. Any Letter of Credit deposited with Lender in satisfaction of this Section 4.16 must satisfy the conditions set forth in Section 11.15.

(d) Payments by Borrower. During the Lease-Up Debt Service Reserve Period, Borrower will pay to Lender the lesser of: (i) the Monthly Payment, or (ii) the NOI for the calendar month immediately preceding the calendar month in which the Monthly Payment is due. Nothing contained in this Section will relieve Borrower of the obligation to pay monthly reserve amounts required under the Loan Documents.

(e) Operating Statements. For each month in which Borrower fails to timely pay Lender the full Monthly Payment, Borrower will provide to Lender, by the fifth day of that calendar month, each of the following items:

(i) A certified rent roll.

(ii) Monthly operating statements reflecting all items of income and expense in connection with the operation of the Mortgaged Property or in connection with any services provided in connection with the operation of the Mortgaged Property.

(iii) Upon Lender’s request, any other information prepared or used by Borrower in connection with the operation of the Mortgaged Property.

Each rent roll and operating statement must be prepared in accordance with generally accepted accounting principles consistently applied, and certified as true and complete by a Borrower Principal (who may rely upon Borrower’s agent in making such certification, if such reliance is stated in the certification).

(f) Monthly Deficit. If there is a Monthly Deficit in any month, Lender will deduct funds from the Lease-Up Debt Service Reserve in such amounts as Lender determines are necessary to cover the Monthly Deficit. If the Lease-Up Debt Service Reserve is insufficient to cover the Monthly Deficit, Borrower must pay all additional amounts required in connection with any such Monthly Payments from Borrower’s own funds.

(g) Additional Disbursements From Lease-Up Debt Service Reserve. Lender may make additional disbursements from the Lease-Up Debt Service Reserve in Lender’s Discretion, and any such disbursements will be applied to the Indebtedness. Borrower must pay a prepayment premium in accordance with the Note with respect to any application of the Lease-Up Debt Service Reserve to the reduction of the Indebtedness. The Borrower may not pay the prepayment premium from the funds withdrawn from the Lease-Up Debt Service Reserve.

(h) Replenishment of Lease-Up Debt Service Reserve. Following any disbursement from the Lease-Up Debt Service Reserve, Borrower will be required to replenish the Lease-Up Debt Service Reserve (by depositing additional cash, or by posting a replacement Letter of Credit, as applicable) to the amount of the Lease-Up Debt Service Reserve Amount not more than 30 days following such disbursement.

(i) Termination. If not sooner terminated by written agreement of Borrower and Lender, the Lease-Up Debt Service Reserve will terminate upon the first to occur of the following:

(i) Payment in full of the Indebtedness.

(ii) Provided no Event of Default has occurred or is continuing, upon satisfaction of the Lease-Up Debt Service Reserve Release Requirement; provided, that the following have been satisfied:

(A) Borrower has made a written request at least 30 daysbefore the date of the termination of the Lease-Up Debt Service Reserve. Such request must be in writing and be accompanied by such information as Lender may require to determine whether Lease-Up Debt Service Reserve Release Requirement has occurred (to the extent not previously provided).

(B) For each of the 3 consecutive months preceding the date of determination, the NOI supports an **[interest-only OR amortizing]** debt coverage ratio of at least 1.\_\_, as determined by Lender (“**Lease-up Debt Service Reserve Release Requirement**”). **[INCLUDE THE FOLLOWING IF AMORTIZING DCR:** The calculation of the debt coverage ratio will be based on a \_\_\_-year amortization schedule.**]** [**INCLUDE THE FOLLOWING IF A FLOATING RATE LOAN:** For the purposes of determining the debt service coverage ratio, the interest rate applicable to the Loan will be assumed to be equal to \_\_\_%.]

Within 30 days after termination of the Lease-Up Debt Service Reserve, Lender will pay to Borrower all funds remaining in the Lease-Up Debt Service Reserve.

B. The following definitions are added to Article XII, or amend and restate existing definitions in Article XII, as applicable:

“**Lease-Up Debt Service Reserve**” means the amount of the Lease-Up Debt Service Reserve Amount deposited into escrow with Lender as of the date of this Loan Agreement, in the form of cash ora Letter of Credit.

“**Lease-Up Debt Service Reserve Amount**”means $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

“**Lease-Up Debt Service Reserve Period**” means the period during which Lender holds the Lease-Up Debt Service Reserve.

“**Lease-up Debt Service Reserve Release Requirement**” is defined in Section 4.16

“**Lease-Up Rider**” means Rider to Multifamily Loan and Security Agreement – Lease Up Transaction - **[CHOOSE ONE:** Credit Enhancement Required **OR** No Credit Enhancement Required**]**

“**Monthly Deficit**” means the excess, if any, of the Monthly Payment over NOI.

“**Monthly Payment**” means the monthly payment of principal and interest or interest only due pursuant to the terms of the Note.

“**NOI**” is defined in, and will be determined in accordance with, Section 6.43 of this Loan Agreement (as set forth in the Lease-Up Rider).

“**NRI**” is defined in, and will be determined in accordance with, Section 6.43 of this Loan Agreement (as set forth in the Lease-Up Rider).

“**Projected Deficit**” means a deficit in the NOI such that the NOI is not sufficient to pay the Monthly Payment.