**Rider to Loan Agreement**

**Lease-Up Transaction - No Credit Enhancement Required**

(Revised 6-14-2022)

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

A. The following table is added to Section 1.05:

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| **Lease-Up Transaction – No Credit Enhancement Required**  |
| Minimum DCR: \_\_\_\_:1.00, based on trailing 3-month (T-3) collections and T-3 Expenses, a \_\_\_-year amortization schedule, and if the Loan has a floating interest rate, an annual interest rate of \_\_\_\_\_\_\_\_% |
| Minimum NRI: $\_\_\_\_\_\_\_\_\_\_, based on trailing 1-month (T-1) collections |
| Underwritten Acceptable Other Income: $\_\_\_\_\_\_\_\_\_ |
| Underwritten Fixed Expenses: $\_\_\_\_\_\_\_\_\_ |
| Underwritten Management Fee: \_\_\_\_\_\_\_\_% of Effective Gross Income |
| Underwritten Operating Expenses: $\_\_\_\_\_\_\_\_\_, which includes the Underwritten Management Fee |
| *(See Sections 5.54, 6.07, 6.43 and 7.05)* |

B. Section 5.54 is deleted and replaced with the following:

**5.54** **Completion of Work**. Except for any Repairs identified on the Repair Schedule of Work in Section 1.03, all work in connection with the construction of the Mortgaged Property (or the most recent renovation or rehabilitation of the Mortgaged Property, if applicable) (“**Prior Work**”) is complete. The Prior Work has been completed in a good and workmanlike manner, free and clear of all Liens, and in accordance with all plans and specifications and all applicable laws, ordinances, rules, regulations, building setback lines and restrictions applicable to the Mortgaged Property. Borrower has paid in full all costs for labor, materials and other costs related to the Prior Work.

C. Section 6.07(b)(i) is deleted and replaced with the following:

(i) Within 15 days after the end of each calendar month prior to the satisfaction of the Lease-Up Requirements (unless Securitization has occurred), 25 days after the end of each calendar quarter after the satisfaction of the Lease Up Requirements and prior to Securitization, and within 35 days after each calendar quarter after Securitization, each of the following:

(A) A Rent Schedule dated no earlier than the date that is 5 days prior to the end of such quarter, or month, as applicable.

(B) A statement of income and expenses for Borrower that is either of the following:

(1) For the 12-month period ending on the last day of such quarter, or month, as applicable.

 (2) If at the end of such quarter, or month, as applicable,Borrower or any Affiliate of Borrower has owned the Mortgaged Property for less than 12 months, for the period commencing with the acquisition of the Mortgaged Property by Borrower or its Affiliate, and ending on the last day of such quarter, or month, as applicable.

(C) When requested by Lender, a balance sheet showing all assets and liabilities of Borrower as of the end of that fiscal quarter, or month, as applicable.

D. Section 6.43 is deleted and replaced with the following:

**6.43 Lease-Up Requirements**.

(a) If Borrower desires that Lender determine whether the Lease-Up Requirements have been satisfied in connection with a proposed Transfer pursuant to Section 7.05(a), Borrower must make a written request at least 30 days before the date of such Transfer. Such request must be in writing and be accompanied by such information as Lender may require to determine whether the Lease-Up Requirements have been satisfied (to the extent not previously provided).

(b) For the purposes of this Loan Agreement, the “**Lease-Up Requirements**”will be deemed satisfied if Lender determines that:

(i) The Minimum DCR Requirement has been satisfied.

(ii) The Minimum NRI Requirement has been satisfied.

E. Section 7.05(a)(xix) is deleted and replaced with the following*:*

(xix) Either (i) Securitization has occurred, or (ii) the Lease-Up Requirements have been satisfied.

F. The following definitions are added to Article XII:

“**Acceptable Other Income**” means the lesser of Actual Acceptable Other Income or the Underwritten Acceptable Other Income.

“**Actual Acceptable Other Income**” means the averaged and annualized amount of any other income derived from the Mortgaged Property, other than Gross Potential Rent and any interest income, that has been collected consistently by Borrower during the preceding 3 months and that is acceptable to and approved by Lender in Lender’s sole discretion.

“**Actual Fixed Expenses**” means: (i) Taxes for the Mortgaged Property, (ii) Insurance premiums, and (iii) expenses for utilities, water and sewer for the preceding 3 months. Capital expenditures are specifically excluded from this definition. For the purposes of determining the amount of Taxes for the Mortgaged Property, Lender will have the right in its discretion to base its determination on the actual taxes in place, the next year’s bill, or any assessed value published by the applicable Governmental Authority on its website that will take effect within the 12 months following the date of determination. For the purposes of determining the amount of Insurance premiums, Lender may base its determination on the actual premiums in place or the premiums to be in effect within the next 12 months, if known.

“**Actual Operating Expenses**” means operating expenses for the Mortgaged Property for the preceding 3 months, including the expenses for repair and maintenance of the Mortgaged Property, the Management Fee, payroll expenses, general and administrative expenses, and other miscellaneous operating expenses. Capital expenditures are specifically excluded from this definition.

“**Bad Debt**” means that portion of Gross Potential Rent which is assumed not to be collected by Borrower due to tenant non-payment.

“**Concessions**” means: (i) rental abatements, (ii) “free” rent, (iii) inducements, and (iv) other incentives.

“**Effective Gross Income**” means the positive annualized amount of the Gross Potential Rent, net of the Concessions, subject to the Vacancy Rate, minus Bad Debt, plus the Acceptable Other Income.

“**Expenses**” means the Fixed Expenses plus Operating Expenses plus the annualized amount of the Monthly Replacement Reserve Deposit (even if such deposit is deferred).

“**Fixed Expenses**” means the greater of: (i) the annualized Actual Fixed Expenses for the Mortgaged Property, or (ii) the Underwritten Fixed Expenses.

“**Gross Potential Rent**” means the sum of: (i) monthly rents actually collected from tenants under residential Leases identified in each of the most current rent rolls, and (ii) achievable monthly rents attributable to residential vacant units, calculated at market rents, as determined by Lender in Lender's Discretion. (Market rents attributable to employee and model units may be included in the calculation of Gross Potential Rent if they are also included in operating expenses.)

“**Lease-Up Requirements**” is defined in Section 6.43.

“**Management Fee**” means the Property Manager’s contractual management fee at the time of the applicable calculation.

“**Minimum DCR**” is defined in Section 1.05.

“**Minimum DCR Requirement**” means during the immediately preceding 3 consecutive months, the NOI of the Mortgaged Property supports an average debt coverage ratio of at least the Minimum DCR specified in Section 1.05.

“**Minimum NRI**” is defined in Section 1.05.

“**Minimum NRI Requirement**” means during the immediately preceding month, the NRI equals at least the Minimum NRI.

“**NOI”** means the positive, annualized amount by which Effective Gross Income exceeds Expenses**.**

“**NRI**” means Gross Potential Rents, net of Concessions, subject to the Vacancy Rate, minus Bad Debt, plus short term Lease premiums (up to a maximum of 5% of the units in the Mortgaged Property, net of any prepaid revenues), plus any payments from any governmental payor program if the Loan is a Seniors Housing Loan.

“**Operating Expenses**” means the greater of: (i) the annualized Actual Operating Expenses for the Mortgaged Property, or (ii) the Underwritten Operating Expenses.

“**Prior Work**” is defined in Section 5.54.

“**Underwritten Acceptable Other Income**” is defined in Section 1.05.

“**Underwritten Fixed Expenses**” is defined in Section 1.05.

“**Underwritten Management Fee**” is defined in Section 1.05.

“**Underwritten Operating Expenses**” is defined in Section 1.05.

“**Vacancy Rate**” means the greater of: (i) actual vacancy, or (ii) 5%, as determined by Lender. Units occupied by employees and model units will be deemed occupied for purposes of calculating the Vacancy Rate.