**Rider to Loan Agreement**

**Repair Reserve Fund – Preservation Rehabilitation**

(Revised 10-10-2023)

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

A. The provisions of Section 4.01 will not apply to the Repair Reserve Fund.

B. Section 4.03 is deleted and replaced with the following:

**4.03 Repair Reserve Fund**.

(a) Repairs. Borrower must commence and complete the Repairs identified in the Repair Schedule of Work (referenced in Section 1.03 and attached as Exhibit H) pursuant to this Section 4.03 and Section 6.14.

(b) Repair Reserve Deposit. If one or more Repair Reserve Deposits is marked required in Section 1.03, then on the Closing Date, Borrower will deposit the amount or amounts set forth in Section 1.03 into the Repair Reserve Fund to be used for the completion of the applicable Repairs as identified on the Repair Schedule of Work. If Additional Repair Reserve Deposits is marked required in Section 1.03, then no later than the dates set forth in Section 1.03 and in the amounts set forth in Section 1.03, Borrower will deposit, or cause to be deposited, the Additional Repair Reserve Deposits into the Repair Reserve Fund from future installments of tax credit equity capital contributions or equity bridge loan proceeds (if applicable). Notwithstanding the foregoing, upon the written request of Borrower, Lender may grant written waivers of up to 10% of the amounts and up to 30 days from the dates set forth in Section 1.03.

(c) through (e) are reserved.

(f) Insufficient Amount in Repair Reserve Fund. If Lender determines, in Lender’s Discretion, that the money in the Repair Reserve Fund, together with the amount of Additional Repair Reserve Deposits (if any) still to be deposited into the Repair Reserve Fund in accordance with Section 4.03(b) above, is insufficient to pay for the Repairs, then Lender will provide Borrower with Notice of such insufficiency. As soon as possible (but in no event later than 20 days after such Notice) Borrower will pay to Lender an amount, in cash, equal to such deficiency, which Lender will deposit into the Repair Reserve Fund.

(g) Disbursements from Repair Reserve Fund. Disbursements from the Repair Reserve Fund must be substantially in accordance with the proforma draw schedule previously delivered to and accepted by Lender and otherwise in accordance with Lender’s Discretion and the provisions of Section 4.03. Lender will make disbursements from the Repair Reserve Fund for payment or reimbursement of the actual costs of Repairs if all the conditions in this Section 4.03(g) have been satisfied, as determined by Lender in Lender’s Discretion.

(i) Reserved.

(ii) Borrower must submit to Lender a fully executed Repair Disbursement Request in the form attached to this Loan Agreement as Schedule III, together with each of the following:

(A) A report setting out the progress of the Repairs and any other reports or information relating to the construction of the Repairs that may be reasonably requested by Lender.

(B) Copies of any applicable invoices, bills, and appropriate lien waivers for the prior period for which disbursement was made, executed by all contractors and suppliers supplying labor or materials for the Repairs.

(C) A report prepared by the professional engineer employed by Lender as to the status of the Repairs, unless Lender has waived this requirement in writing.

(D) Reserved.

(iii) Without the prior written consent of Lender, Borrower has not requested any disbursement from the Repair Reserve Fund other than the costs of those Repairs specified in the Repair Schedule of Work. Upon the prior written request of Borrower, Lender may allow Borrower to (i) enter into one or more change orders which do not exceed, in the aggregate, 10% of the sum of the Repair Reserve Deposit and the Additional Repair Reserve Deposits (if any), and (ii) reallocate cost savings of one or more line items not to exceed 10% of the sum of the Repair Reserve Deposit and the Additional Repair Reserve Deposits (if any) to cover a cost overrun in one or more other line items.

(iv) The requested amount does not exceed the amount remaining in the Repair Reserve Fund that is allocated for such Repair(s) pursuant to Sections 4.03(a) through 4.03(e) and Section 4.03(j), as applicable.

(v) Except for the final Repair Disbursement Request, each Repair Disbursement Request must adhere to the Repair Disbursement Timing and Amount Limitations set forth in Section 1.03.

(vi) No Event of Default has occurred and is continuing, and there exists no condition, event, or act that would constitute a default (with or without Notice and/or lapse of time) under this Loan Agreement or any other Loan Document.

(vii) Borrower is in full compliance with the provisions of this Loan Agreement (including Sections 6.06 and 6.14), the other Loan Documents, and any request or demand by Lender permitted by the Loan Documents.

(viii) No lien or claim based on furnishing labor or materials has been recorded, filed, or asserted against the Mortgaged Property, unless Borrower has properly provided bond or other security against loss in accordance with applicable law.

(ix) All licenses, permits, and approvals of any Governmental Authority required for the Repairs as completed to the applicable stage have been obtained by Borrower, and if requested by Lender, have been submitted to Lender.

(x) In connection with the final Repair Disbursement Request, or as otherwise required by Lender in Lender’s Discretion, Lender may inspect or cause the Repairs to be inspected in accordance with the terms of Section 6.06 and 6.14 to determine whether all such Repairs have been completed in a manner acceptable to Lender.

(xi) If the Repair Schedule of Work contains a line item for “contingency,” any requisition with respect thereto has been documented to Lender’s Discretion.

(xii) Borrower has not requested any disbursement from the Repair Reserve Fund for stored items. Disbursement from the Repair Reserve Fund may only be made for work completed and/or at the time of installation of appliances and fixtures.

(h) Lender’s Use of Repair Reserve Fund. Lender, in its sole and absolute discretion, is authorized to hold, use, and disburse funds from the Repair Reserve Fund to pay any costs or expenses incurred or required in connection with the construction and completion of the Repairs, or, if an Event of Default has occurred and is continuing, in the payment or performance of any obligation of Borrower to Lender. If Lender, for purposes specified in this Section 4.03(h), elects to pay any portion of the money in the Repair Reserve Fund to parties other than Borrower, then Lender may do so, at any time and from time to time, and the dollar amount of advances from the Repair Reserve Fund to which Borrower will be entitled under this Loan Agreement will be correspondingly reduced. Lender will further be entitled, but not obligated, to deduct from the Repair Reserve Fund the Extension/Modification Fee for any extension of the Completion Date or expansion of the Repair Schedule of Work that is requested by Borrower and agreed to by Lender in writing, in Lender’s Discretion. If there are insufficient funds in the Repair Reserve Fund to pay the Extension/Modification Fee, or Lender, in Lender’s Discretion, determines that it will not deduct such amount from the Repair Reserve Fund, then Borrower must pay the Extension/Modification Fee to Lender immediately upon demand.

(i) Remaining Funds After Repair Completion. So long as no Event of Default has occurred and is continuing and there exists no condition, event, or act that would constitute a default (with or without Notice and/or the passage of time), any funds remaining from each of the Repair Reserve Deposits described in Sections 4.03(a) through 4.03(e) after the Repairs associated with such Section have been completed in accordance with this Loan Agreement will either be (i) refunded by Lender to Borrower or (ii) deposited by Lender into the Replacement Reserve Fund, as specified in Section 1.03.

(j) Reserved.

(k) Retainage. Except for the final disbursement for completion of the Repairs, the Retainage Amount must be retained in the Repair Reserve Fund. When the Repairs are 50% complete and paid for, Borrower may include 50% of the Retainage Amount previously retained in the Repair Reserve Fund in any subsequent Repair Disbursement Request. Borrower will not cause (or request) any amounts to be disbursed from the Repair Reserve Fund in violation of any retainage requirements applicable to the Repairs.

(l) Units Unavailable for Leasing. As the Repairs progress to completion, Borrower covenants and agrees that:

(i) The maximum number of units at the Mortgaged Property which will be unavailable for leasing due to the Repairs must not exceed the number of units set forth in Section 1.03 at any one time.

(ii) Any tenant that is required to vacate their unit during the Repairs will not be displaced from their unit for more than the number of days set forth in Section 1.03.

(iii) Borrower must provide such tenant reasonable accommodation or a vacant unit within the Mortgaged Property for tenant’s use during such period, as specified in Section 1.03.

(m) Developer Fees. No more than 30% of any developer fee, as may be referenced in Borrower’s organizational documents, may be paid to the developer before Borrower completes the Repairs in accordance with the terms of this Loan Agreement.

C. Section 6.14(i) is deleted and replaced with the following:

(i) Completion of Repairs or Capital Replacements Not a Certification by Lender. Lender’s disbursement of monies from any Reserve Fund or other acknowledgment of completion of any Repairs or Capital Replacements in a manner satisfactory to Lender will not be deemed a certification by Lender that the applicable Repairs or Capital Replacements have been completed in accordance with applicable building, zoning or other codes, ordinances, statutes, laws, regulations, or requirements of any Governmental Authority. Borrower will have the sole responsibility for ensuring that all Repairs and Capital Replacements are completed in accordance with all such requirements of any Governmental Authority. After Borrower commences the Repairs, Borrower will not cease working on the Repairs for a period of more than 30 consecutive days without the prior written consent of Lender.

D. The following definitions are added to Article XII:

“**Additional Repair Reserve** **Deposits**” means the aggregate amount, if any, set forth in Section 1.03, which must be deposited into the Repair Reserve Fund according to the schedule set forth in Section 1.03 to assure completion of Repairs.

“**Extension/Modification Fee**” means a fee charged by Lender in an amount not to exceed $5,000 for Lender’s review of any Borrower request for an extension of the Completion Date or modification of the Repair Schedule of Work.

“**Retainage Amount**” means, except as otherwise agreed to in writing by the Borrower and Lender, an amount equal to a total of 10% of the Repair Disbursement Request with respect to hard costs until the Repairs are 50% complete and paid for, and thereafter 5% of each disbursement from the Repair Reserve Fund with respect to hard costs.