

PROPERTY MANAGEMENT AGREEMENT

STERLING PARK APARTMENTS

This Property Management Agreement (this “**Agreement**”) is entered into as of _____, 201_ by and between **New Sterling Park LLC**, an Illinois limited liability company (“**Owner**”), having an address of 120 S. LaSalle, Suite 1850, Chicago, IL 60603, and **MERCY HOUSING MANAGEMENT GROUP**, a Nebraska not-for-profit corporation (“**Agent**”) having an address of 120 S. LaSalle, Suite 1850, Chicago, IL 60603.

The property to be managed by the Agent under this Agreement is a housing development consisting of land, building(s), and other improvements described below:

Name: **Sterling Park Apartments**

Address: **3301 W. Arthington Street, Chicago, IL 60627**

Number of Units: **181**

WITNESSETH:

In consideration of the terms, conditions, and covenants hereinafter set forth, Owner and Agent hereby mutually agree as follows:

1. **Appointment and Acceptance.** Owner appoints Agent as exclusive agent for the management of the housing development consisting of the land, buildings and other improvements located at 3301 W. Arthington Street, Chicago, IL 60627 and commonly known as Sterling Park Apartments (the “**Project**”), and Agent accepts the appointment, subject to the terms and conditions set forth in this Agreement. Agent represents that it is experienced in professional management of property of the character and occupancy of the Project, and Agent agrees to manage the Project in accordance with the highest professional standards for such property.

2. **Basic Information.** Upon the mutual execution of this Agreement, Owner shall furnish Agent with a complete set of general plans and specifications for the Project and copies of all guarantees and warranties pertinent to construction and fixtures and equipment of the Project. With the aid of this information and inspection by competent personnel, Agent shall thoroughly familiarize itself with the character, location, construction, layout, plan and operation of the Project, and especially the electrical, heating, plumbing, and ventilating system, and all other mechanical equipment in the Project.

3. **Leasing.** Agent shall offer for rent and shall rent the dwelling units in the Project in accordance with a rent schedule and leasing guidelines established and approved in writing by Owner. Incident thereto, the following provisions shall apply:

(a) Agent shall show dwelling units for rent in the Project to all prospective tenants.

(b) Agent shall take and process applications for rentals, including prospective tenant interviews and credit checks. If an application is rejected, Agent shall promptly give to the applicant a proper written notice stating the reason for rejection.

(c) Agent shall, subject to prior written approval by Owner of any deviation from Owner's approved rent schedule, execute in Agent's name, identified thereon as agent for Owner, any lease in which Owner has agreed to let and a tenant has agreed to accept the dwelling unit of the Project (each, a "**Lease**").

(d) Agent shall collect, deposit, and disburse security deposits, if required, in accordance with the terms of each Lease. The amount of the security deposit will be determined Agent. Security deposits shall be held by Agent in a trust account, separate from all other accounts and funds. Such account shall be in the name of the Agent, also identifying the Project, and designated of record as "**Security Deposit Account.**" Interest on security deposits shall be paid according to law or regulatory agreement, if applicable.

(e) Agent shall maintain a current list of acceptable prospective tenants and undertake all arrangements necessary and incidental to the acceptance of rental applications and the execution of Leases. Agent shall exercise its best efforts (including, but not limited to, placement of advertising, interview of prospective tenants, assistance in completion of rental applications and execution of Leases, processing of documents and credit and employment verifications, and explanation of the program.), to effect the leasing of dwelling units, renewal of Leases, and, in accordance with the terms of the Lease, subleasing of dwelling units in the Project.

(f) Agent shall perform such other acts and deeds requested by Owner as are reasonable, necessary, and proper in the discharge of Agent's rental duties under this Agreement.

(g) Agent shall prorate the first month's rent collected from a tenant under a Lease (each, a "**Tenant**") should the Lease term commence on any other day than the first day of the month.

(h) Agent shall participate in the inspection of the dwelling unit identified in the Lease together with the Tenant prior to move-in and upon move-out, and shall record in writing any previous damage to the unit and any damage occurring during the Tenant's occupancy. Should the tenant not be available following reasonable attempts to schedule a move-out inspection, Agent shall perform the inspection without the tenant and record same information.

(i) Agent shall, unless otherwise agreed by Owner and Agent in writing, (i) comply with the leasing guidelines established by Agent, and (ii) use for each Lease the form of lease agreement appropriate for each property.

(j) Agent shall cause a representative of Agent to confer with Owner and to attend meetings with Owner at any reasonable time or times requested by Owner.

(k) If the Project is of pre-1978 construction then the Agent must provide each prospective tenant a copy of the Government Printing Office published informational pamphlet entitled Lead-Based Paint: Protect Your Family and a copy of the Lead Hazard Evaluation report on the building prepared by the Owner's environmental consultant.

4. **Affordability Restrictions.** Agent shall comply with the affordability restrictions and requirements concerning leasing and related matters described in **Exhibit A** attached hereto.

5. **Collection of Rents, Etc.** Agent shall collect when due, directly or through an on-site manager, all rents, charges, and other amounts receivable on Owner's account in connection with the management and operation of the Project. Such receipts shall be held in an account in Agent's name and designated of record in an account name identifying the Project and approved by Owner in writing, at such financial institution as Owner may specify from time to time in writing (the "**Operating Account**"), and shall be held separate from all other accounts and funds.

6. **Enforcement of Leases.** Agent shall secure full compliance by each Tenant with the terms of such Tenant's Lease. Voluntary compliance shall be emphasized and Agent shall make referrals to community agencies in cases of financial hardship or other circumstances deemed appropriate by Agent. . Nevertheless, Agent may, and shall if requested by Owner, lawfully terminate any tenancy when, in Agent's reasonable judgment, sufficient cause for such termination occurs under the terms of the Tenant's Lease, including, but not limited to, nonpayment of rent. For this purpose, Agent is authorized to consult with legal counsel selected by the Agent and approved by Owner and bring actions for eviction and execute notices to vacate and judicial pleadings incident to such actions. Unless otherwise instructed by Owner, Agent shall provide monthly reporting of all eviction procedures. . Reasonable attorneys' fees and other necessary costs incurred in connection with such actions, as determined by Owner, shall be paid out of the Operating Account as a Project expense. Agent shall properly assess and collect from each Tenant or forfeit from the security deposit the cost of repairing any damages to the dwelling unit arising during the Tenant's occupancy.

7. **Maintenance and Repairs.** Agent shall cause the Project to be maintained in a decent, safe, and sanitary condition and in a rentable and tenantable state of repair, all in accordance with applicable law, and Agent otherwise shall maintain the Project at all times in a condition acceptable to Owner, including, but not limited to, performance of cleaning, painting, decorating, plumbing, carpentry, grounds care, and such other maintenance and repair work as may be necessary. Incident thereto, the following provisions shall apply:

(a) Attention shall be given to preventive maintenance, and to the greatest extent feasible, the services of regular maintenance personnel shall be used.

(b) Where deemed necessary by Agent, Agent shall contract with qualified independent contractors for the maintenance and repair of major mechanical systems, and for the performance of extraordinary repairs beyond the capability of regular maintenance personnel provided that such contract is within budgeted guidelines approved by Owner. Prior to commencement of any work, Agent shall obtain appropriate written evidence that the contractor's insurance meets Owner's vendor's insurance requirements. Agent shall be responsible to obtain certificates evidencing renewal of each contractor's insurance upon its expiration.

(c) Agent shall systematically and promptly receive and investigate all service requests from Tenants, take such action thereon as may be justified, and keep records of the same. Emergency requests shall be received and serviced on a 24-hour basis. Reports of significant damage shall be reported to Owner within 24 hours or Owner shall have the right to receive copies of all service requests and the reports of action taken thereon.

(d) Agent shall use best efforts to take such action as may be necessary to comply with any and all orders or requirements of federal, state, county, or municipal authorities having jurisdiction over the Project.

(e) Subject to the provisions of Section 14 hereof, Agent is authorized to purchase all materials, equipment, tools, appliances, supplies, and services necessary for proper maintenance or repair of the Project, the cost of which shall be paid out of the Operating Account.

(f) Notwithstanding any of the foregoing provisions, the prior approval of Owner shall be required for any expenditure exceeding \$5,000.00 in any one instance for labor, materials, or otherwise, in connection with the maintenance and repair of the Project, except for emergency repairs involving manifest danger to persons or property, or required to avoid suspension of any necessary service to the Project. (Budgeted routine expenses including utilities exceeding \$5,000.00 will not require prior approval) In the event of significant emergency repairs, Agent shall notify Owner of the fact promptly, and in no event later than 24 (or the next business day) hours from the occurrence of the event.

(g) Within 24 hours (or the next business day) of any incident or loss, Agent shall furnish Owner with a full report as to all accidents, fires, claims and potential claims for damages relating to the Project, and will cooperate with Owner's insurers in connection therewith. Agent shall have no authority to take any actions (such as admitting or stating opinions of liability) which might or would operate to bind Owner or bar Owner, including its partners, from obtaining any protection afforded by any policies of insurance it may hold or which operate to prejudice the defense of any legal proceeding involving Owner or the Project, or which might otherwise prevent Owner from protecting itself against any such claims, demands, or legal proceedings. Owner shall have the sole and exclusive right to conduct, and Agent shall fully cooperate with Owner in, the defense of any such claims, demands or legal proceedings.

8. **Utilities and Services.** Agent shall make arrangements for water, electricity, gas, sewage, and trash disposal, vermin extermination, decorating, laundry facilities, and telephone service in connection with the Project.

9. **Personnel.** Agent shall use its best efforts to have sufficient personnel physically present at the Project for the full and efficient performance of its duties under this Agreement, including physical presence of responsible persons at such times as may be requested by Owner. The compensation (including fringe benefits) of the on-site staff will be within Agent's reasonable discretion considering market rates for the type of personnel employed, provided minimum wage standards are met. Owner will reimburse Agent for compensation (including fringe benefits) payable to Agent's on-site personnel, and for all local, state and Federal taxes and assessments (including but not limited to Social Security taxes, unemployment insurance and workers compensation insurance) incident to the employment of such personnel. Such reimbursements will be made out of the Operating Account Project expenses.

10. **Operating Account.** Disbursements from the Operating Account shall be governed by the following:

From the funds collected and held by Agent in the Operating Account pursuant to Section 5 hereof, and subject to Owner's approved operating budget, Agent shall make the following disbursements promptly when payable, in the following order of priority: salaries and any other compensation due and payable to the employees referred to in Section 9 hereof, together with related payroll taxes;

(i) the Management Fee and Other Fees in accordance with Section 19;

(ii) real estate taxes and assessments, and fire and other hazard insurance premiums (including any required monthly escrow payments therefore), utilities, interest on all mortgages from time to time encumbering the Project and all promissory notes secured thereby (collectively, "**Mortgages**"), amortization of the principal of the Mortgages, fees, and establishment and maintenance of all reserve funds;

(iii) the cost of insurance maintained by Owner in accordance with Section 17(b);

(iv) the cost of enforcement of Leases in accordance with Section 6;

(v) the cost of maintenance and repairs pursuant to Section 7;

(vi) the cost of all records and reporting pursuant to Section 12;

(vii) the cost of insurance maintained by Owner in accordance with Section 17(b);

(viii) other payments due and payable by Owner as Project expenses incurred pursuant to Owner's approved operating budget and in accordance with this Agreement; and

(ix) distributions to or at the written direction of Owner.

(b) In the event that the balance in the Operating Account is at any time insufficient to pay disbursements due and payable under Subsection 10(a) hereof, Agent shall promptly inform Owner of the fact and Owner shall remit to Agent sufficient funds to cover the deficiency within three (3) business days. In no event shall Agent be required to use its own funds to pay such disbursements.

11. **Operating Budget.** Agent shall prepare a recommended annual operating budget for the Project for each fiscal year during the term of this Agreement, and shall submit the same to Owner in accordance with the approved annual budget calendar. Agent shall perform a full property inspection report, including all units, prior to the start of the budget process. The annual operating budget shall include recommended rent increases with respect to Lease renewals and new Leases. In preparing each proposed annual operating budget, Agent shall use its best efforts to take account for anticipated increases in real estate taxes, utility charges and other operating costs. Proposed annual operating budgets for the Project shall be subject to approval by Owner. Owner shall promptly inform Agent of any changes incorporated in the approved operating budget the Project and Agent shall make no expenditures in excess of the amounts set forth in such approved operating budget category without the prior written approval of Owner, except as permitted pursuant to Section 7(f) hereof for emergency repairs involving manifest danger to persons or property, or required to avoid suspension of any services to the Project.

12. **Records and Reports.** Agent shall have the following responsibilities with respect to records and reports:

(a) Within thirty (30) days after the mutual execution of this Agreement, Agent shall ascertain the general condition of the Project, including, but not limited to, the taking of an inventory of all furniture, equipment, tools, and supplies.

(b) Agent shall establish and maintain a comprehensive system of records, books, and accounts, *including computerized systems*, in a manner reasonably satisfactory to Owner. Following reasonable notification all records, books, and accounts may be subject to examination during normal hours by any authorized representative of Owner.

(c) Agent shall prepare a monthly report, in a form reasonably satisfactory to Owner. Agent shall promptly furnish such additional information (including monthly occupancy reports) as may be requested from time to time by Owner with respect to the renting and financial, physical or operational condition of the Project.

(d) Owner shall prepare, execute, and file all forms, reports, and returns required by law in connection with the employment of personnel, unemployment insurance, workman's compensation insurance, disability benefits, Social Security, and other similar insurance, and all other benefits or taxes now in effect or hereafter imposed.

(e) Agent shall establish tenant files containing copies of leases, certification forms, notices, and other documentation required by regulatory agencies, if and to the extent applicable.

(f) Except as may otherwise be expressly provided in this Agreement, all bookkeeping, data processing services, and management overhead expenses shall be paid out of the Operating Account as an expense of the Project.

13. **Crime Insurance.** Owner shall furnish and maintain, at its own expense for the duration of this Agreement and any extensions thereof, plus thirty (30) days after the expiration or termination thereof, a commercial crime insurance policy or fidelity bond in an amount not less than two (2) months gross potential rent or \$500,000. Such crime insurance policy shall cover losses discovered by Owner within two (2) years after the occurrence of such losses. The certificate of insurance shall state that Agent is an additional insured, and shall be given at least thirty (30) days' prior written notice of cancellation. The cost of such coverage may be paid out of the Operating Account as an expense of the Project.

14. **Bids, Discounts, and Rebates.** Agent shall obtain contracts, materials, supplies, utilities, and services on the most advantageous terms to the Project, and unless otherwise approved by Owner shall solicit a minimum of three (3) competitive bids on all contracts or purchases exceeding \$2,500.00 for those items which can be obtained from more than one source. Agent shall credit to Owner all discounts, rebates, or commissions obtainable with respect to purchase, service contracts, and all other transactions on Owner's behalf.

15. **Liability of Agent.** Except as expressly provided to the contrary herein, the obligations and duties of Agent under this Agreement shall be performed as agent of Owner, but Agent, shall be liable for its breaches of this Agreement; provided, however, that the Agent shall not be responsible for incurring any expenditures in excess of existing or reasonably projected available funds from the Project or funds supplied by Owner. All expenses incurred by Agent in accordance with its obligations and duties under this Agreement and consistent with Owner's approved operating budget shall be for the account of and on behalf of Owner.

16. **Indemnification.**

(a) Owner agrees to defend, indemnify, and save harmless Agent from all losses, costs, damages, liability and expenses, including without limitation, reasonable attorneys' fees, arising directly or indirectly out of any (i) matter related to the Project, the conduct of the business of Owner, or any reasonable action taken by Agent expressly within the scope of its duties or authority under this Agreement; or (ii) bodily injury, sickness, disease or death, or to injury to or destruction of tangible property, and such claims and suits arise, or are alleged to arise, in whole or in part out of any grossly negligent act or omission of or the willful misconduct of Owner, its officers, employees, or agents. Owner agrees to include Agent as an additional insured in Owner's general liability policy. Owner shall provide Agent with a certificate of insurance evidencing such liability insurance and providing not less than ten (10) days' notice to Agent prior to cancellation.

(b) Agent agrees to defend, indemnify, and hold Owner harmless from and against any and all claims, investigations, and suits, or from actions or failures to act of Agent, with respect to any alleged or actual violation of state or federal labor or other laws pertaining to employees, it being expressly agreed and understood that as between Owner and Agent, all persons employed in connection with the Project are employees of Agent, not Owner. Additionally, Agent agrees to defend, indemnify, and hold Owner harmless from and against any and all losses, costs, damages, liability and expenses, including without limitation, reasonable attorneys' fees, arising from any breach of this Agreement by Agent, any negligent act or omission of Agent and any intentional tort, criminal activity, reckless and other willful misconduct, and any other act or omission by Agent, its agents or employees, outside the scope of the agency relationship created by this Agreement.

17. **Insurance.**

(a) Agent shall at all times work with Ownership to ensure that its employees are insured for statutory workers' compensation and other employee benefits required by all applicable laws and shall maintain, and provide Owner with certificates evidencing, the following coverage:

(i) General liability in the amount of \$1,000,000.00 per occurrence, \$2,000,000.00 annual aggregate;

(ii) Professional liability in the amount of \$500,000.00 per occurrence;

(iii) Workers compensation as referenced above, with employer's liability of \$500,000.00;

(iv) Automobile insurance covering Agent's owned or leased vehicles; and

(v) Personal property insurance written on a replacement cost basis, in an amount sufficient to cover Agent's personal property items.

The cost of all insurance required under this Section 17(a) shall be at the sole cost and expense of Owner.

(b) Owner shall maintain comprehensive commercial liability insurance and property fire damage/legal liability insurance covering the Project. The cost of all insurance required under this Section 17(b) shall be paid out of the Operating Account.

18. **Limitation of Liability.** Agent agrees that it will not seek recourse against the individual partners, shareholders, directors, officers, employees or agents of Owner or any of their personal assets for satisfaction of any liability with respect to this Agreement.

19. **Compensation.**

(a) As compensation for all of Agent's ongoing property leasing, management, and related services under this Agreement, Agent shall receive a monthly management fee in an amount equal to 4% of the monthly effective gross rents for the Project (the "**Management Fee**"), to be paid out of the Operating Account as an expense of the Project. Such fee shall be payable on or before the tenth (10th) day of the month following the month in which the services were rendered.

(b) In addition to the Management Fee, as compensation for data processing and central office accounting services, technology services, training, and monitoring and centralization of third party vendor costs the Agent shall receive those fees and reimbursements set forth in Exhibit B hereto (the "**Other Fees**").

(c) Agent agrees to the following conditions governing amount and timing of payment of the Management Fee and Other Fees under this Agreement:

(i) The monthly Management Fee and Other Fees shall be deemed earned in its entirety and accrued as an expense to the Project. Owner shall be responsible for the payment of any deferred Management Fees and Other Fees upon the termination of this Agreement.

(ii) "**Operating Expenses**" means all cash expended, reserved, or required for debts or expenses (including all required or advisable deposits into required reserves), interest, and principal payments on indebtedness, capital expenditures, replacements, expansion, or other reasonable requirements of Owner's business (excluding cash expended from capital contributions or for capital transactions) related to the Project.

(iii) "**Operating Income**" means all cash received from operations of Owner in the ordinary course of business (excluding capital contributions and net proceeds of capital transactions) related to the Project.

(d) In lieu of compensation defined in section (a) above, as compensation for providing marketing and property set up services for new construction or acquisition rehabilitation properties Owner shall compensate Agent in an amount equal to two hundred and fifty dollars (\$250) per unit Agent reserves the right to bill 50% of the stated fee upon successful occupancy of 50% of the project, with the remaining fee to be billed upon meeting lease up requirements.

20. **Compliance with Laws.** In the performance of its obligations under this Agreement, Agent shall use its best efforts to comply with applicable local, state, and federal laws and regulations.

21. **Term of Agreement.** This Agreement shall be in effect for the period commencing as of the date hereof and ending on the first (1st) anniversary of the date hereof, and shall be automatically extended for one (1) year periods thereafter, subject to the following conditions:

(a) Either Owner or Agent may elect not to extend this Agreement by notifying the other party at least sixty (60) calendar days in advance of the last day of the initial period hereunder or any annual extension period thereafter.

(b) This Agreement may be terminated by mutual written consent of Owner and Agent.

(c) In the event Agent fails to perform any of its duties hereunder or to comply with any of the provisions hereof and the failure of which has a material adverse effect on the Project, Owner shall notify Agent in writing and Agent shall have thirty (30) days thereafter within which to cure such default to the reasonable satisfaction of Owner, and if such default cannot be cured within such thirty (30) day period, Agent shall have such additional time as may be necessary to cure the same provided that Agent demonstrates to the continuing satisfaction of Owner that it is diligently pursuing all necessary actions to cure such default and that the same will be cured within a reasonable time without damage or expense to Owner.

(d) In the event a petition in bankruptcy is filed by or against Owner or Agent, or in the event Owner or Agent makes an assignment for the benefit of creditors or takes advantage of any insolvency act, Owner or Agent may terminate this Agreement without notice to the other.

(e) In the event of a sale of the Project by Owner, a material condemnation involving the Project or a total casualty involving the Project, Owner may elect to terminate this Agreement by notifying Agent upon not less than thirty (30) days notice.

(f) Within fifteen (15) days after the termination of this Agreement, Agent shall close all accounts and pay the balances or assign all certificates of deposit regarding the Project to Owner. Within fifteen (15) days after the termination of this Agreement, Agent shall (i) deliver to Owner all plans and surveys of the Project in its possession and all books and records concerning the Project; and (ii) submit to Owner all reports required under Section 12 hereof to the date of such termination, and Agent and Owner shall account to each other with respect to all matters outstanding as of the date of termination.

22. **Notices.** All notices or other communications required or desired to be given under this Agreement shall be in writing and shall be delivered either personally or by U.S. certified mail, return receipt requested, which shall be deemed delivered upon personal delivery or two (2) business days after mailing, to the parties at the addresses set forth in the initial paragraph of this Agreement. In the event of a change in the mailing addresses, any addressee whose address changes hereby agrees to give notice of a new or forwarding address within seven (7) days of the effective date of said change to the other addressee, whereupon subsequent notices shall be addressed to such new or forwarding address.

23. **Increased Risk.** Agent shall give Owner written notice if any facts of which Agent is aware evidence an increase in the risk of casualty loss or a claim of liability in connection with the Project or its operation. Such notice shall be given as soon as Agent has knowledge of such facts.

24. **Audit Right.** Owner shall have the right, within seven (7) days written notice to Agent, to audit all files and accounts pertaining to the Project at Agent's principal office during normal business hours.

25. **Amendment.** This Agreement constitutes the entire agreement between Owner and Agent, and no amendment or modification thereof shall be valid or enforceable except by supplemental agreement in writing, executed by the parties hereto or the party to be bound thereby.

26. **Enforceability.** The invalidity of any clause, part, or provision of this Agreement shall not affect the validity of the remaining portions thereof. Owner's remedies under this Agreement are cumulative, and the exercise of one remedy shall not be deemed an election of remedies nor foreclose the exercise of Owner's other remedies. No waiver by Owner of any breach of this Agreement shall be deemed to be a waiver of any other or subsequent breach. Owner or Agent may apply to any court, state or federal, for specific performance of this Agreement, for an injunction against any violation of this Agreement, or for such other relief as may be appropriate, since the injury arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.

27. **Governing Law.** The law of the state in which the Project is located shall govern the interpretation and enforcement of this Agreement.

28. **Captions.** The captions used in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope or the intent of this Agreement.

29. **Execution of Counterparts.** For the convenience of the parties, this Agreement may be executed in multiple counterparts, each of which shall constitute a complete original of this Agreement, which may be introduced in evidence or used for any other purpose without the production of any other counterparts.

30. **Successors and Assigns.** This Agreement shall inure to the benefit of and constitute a binding obligation upon Owner and Agent and their respective successors and assigns; provided, however, that Agent shall not assign this Agreement, or any of its duties hereunder, without the prior written consent of Owner.

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IN WITNESS WHEREOF, the Owner and Agent have executed this Agreement as the date first above written.

OWNER:

New Sterling Park LLC, an Illinois Limited Liability Company

By: New Sterling Park MM LLC, a Illinois Limited Liability Company, its managing member

By: Mercy Sterling NFP, an Illinois nonprofit corporation

By: _____

Name: _____

Title: _____

Attest:

Title:

[SEAL]

AGENT:

MERCY HOUSING MANAGEMENT GROUP, a Nebraska not-for-profit corporation PROPERTY MANAGER

By:

Name: John Hinde

Title: Vice President

Attest:

Title:

[SEAL]

EXHIBIT A

AFFORDABILITY RESTRICTIONS

Tax Credit Requirements. Agent acknowledges that Owner is required to use best efforts to lease one hundred percent (100%) of the units in the Project (the “**Credit Units**”) to tenants whose income and rent levels qualify such apartments for inclusion in determining federal low-income housing tax credits (the “**Credits**”) for the Project. Owner shall furnish Agent with written descriptions of such requirements as they relate to Agent’s leasing and management duties hereunder. Incident thereto, the following provisions shall apply for all Credit Units:

(a) Agent shall, prior to approving each rental application and prior to allowing prospective tenant to take occupancy, (i) require prospective tenant to complete, execute, and deliver all forms required in connection with the Credits (which forms shall be provided by Owner to Agent), and (ii) shall perform such other verifications of such tenant’s non-employment income as are necessary or appropriate, in order to provide necessary certification and verification of the amount of such tenant’s annual family income, family size, and any other information reasonably requested by Owner in writing in connection with the Credits. Agent shall require tenants to certify in writing as to such matters on an annual basis, prior to such time as the information is required for tax reporting purposes for the Credits. Owner shall give Agent advance written notice of such requirements. Agent shall, prior to leasing Credit Units, determine tenant income eligibility for purposes of the Credits pursuant to applicable laws, using such forms as Owner shall furnish to Agent from time to time. Without Owner’s express prior written consent, Agent shall not enter into any Lease on behalf of Owner to a tenant who fails to meet the income eligibility requirements for the Credits. Agent shall deliver copies of all reporting surrounding Leases, certifications, and verifications for the Credit Units to Owner as requested

(b) Owner shall from time to time furnish Agent with a written schedule of maximum rents for the apartments, depending on family size for purposes of the Credits. Without Owner’s express prior written consent, Agent shall not enter into any Lease on behalf of Owner at a rental amount exceeding the applicable maximum.

(c) Agent shall maintain and preserve all written records of tenant family income and size, and any other information reasonably requested by Owner in writing in connection with the Credits, throughout the term of the Agreement, and shall turn all such records over to Owner upon the termination or expiration of the Agreement.

(d) If requested by Owner in writing, Agent shall prepare reports of low-income leasing and occupancy in form suitable for submission in connection with the Credits.

Exhibit B

- **\$27.50** per unit per annum for training
- **\$44.00** per unit per annum for compliance fees
- **\$16.00** per unit per annum for Tracs
- **\$5.00** per unit per annum for buyer access
- **\$10.50** per unit per month for booking/data antry

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