

LOAN AGREEMENT

by and among

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

as Issuer

and

PSG VESTA DERBY OAKS LLC

as Borrower

Relating to

\$__,000,000

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
INDUSTRIAL BUILDING REVENUE BONDS
(VESTA DERBY OAKS PROJECT)**

Consisting of

**\$__,000,000 Series 2022A
\$__,000,000 Taxable Series 2022B**

Dated as of _____, 1 2022

The interest of the Louisville/Jefferson County Metro Government in this Loan Agreement (except for the Unassigned Rights) has been assigned to The Bank of New York Mellon Trust Company, National Association (the "Trustee") under the Trust Indenture of even date herewith, and is subject to the security interest of the Trustee.

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of _____, 1 2022 (this “Loan Agreement”), is by and among the **LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT** (together with its successors and assigns, the “Issuer”), a political subdivision of the Commonwealth of Kentucky and **PSG VESTA DERBY OAKS LLC**, a Delaware limited liability company (the “Borrower”), the sole member of which is Patriot Services Group, Inc., a Florida nonprofit corporation (the “Sole Member”) described in Section 501(c)(3) of the Code (as defined in the Indenture described below) and exempt from federal income taxation under Section 501(a) of the Code, and its successors and assigns.

RECITALS:

WHEREAS, the Borrower has applied for financial assistance of the Issuer in financing the “Project” (as more particularly defined herein);

WHEREAS, pursuant to the laws of the Commonwealth of Kentucky, including Sections 103.200 to 103.285, inclusive, of the Kentucky Revised Statutes (“KRS”), the Issuer is authorized, among other things, (i) to assist in defraying the cost of all or a portion of the acquisition, construction, equipping, and installation of “industrial buildings,” as defined in KRS Section 103.200, located within and without the boundaries of the Issuer, as authorized by KRS Sections 103.200 to 103.285, inclusive (the “Act”);

WHEREAS, the Borrower has requested the assistance of the Issuer to finance the acquisition, renovation, furnishing and equipping of a multifamily rental housing development (the “Project”), which Project constitutes an “industrial building” as that term is defined in KRS Section 103.200(1)(o), consisting of industrial buildings to be used by an entity recognized by the Internal Revenue Service as an organization described in 26 U.S.C. Section 501(c)(3) in a manner related to or in furtherance of that entity’s exempt purposes where the use would also qualify for federally tax-exempt financing under the rules applicable to a qualified 501(c)(3) bond as defined in 26 U.S.C. Section 145; and

WHEREAS, in order to provide such assistance, the Issuer has provided for the issuance of the Series 2022 Bonds, pursuant to a Trust Indenture dated the date hereof (the “Indenture”), between the Issuer and The Bank of New York Mellon Trust Company, National Association, as trustee (the “Trustee”), all as identified in the Indenture; and

WHEREAS, under and pursuant to this Loan Agreement, the Issuer will lend the proceeds of the Series 2022 Bonds to the Borrower and the Borrower is obligated to make loan payments in amounts sufficient to pay the principal of, premium, if any, and interest on the Series 2022 Bonds; and

WHEREAS, in order to evidence the obligation to make loan payments sufficient to pay the principal of, premium, if applicable, and interest on the Series 2022 Bonds pursuant to this Loan Agreement, the Borrower has agreed to execute and deliver to the Trustee its promissory note in an original principal amount equal to the aggregate principal amount of the Series 2022 Bonds, in substantially the form attached hereto as *Exhibit D* (the “Note”);

NOW, THEREFORE, for and in consideration of the mutual agreements hereinafter contained, and for other consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

[Remainder of page intentionally left blank]

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions.

All capitalized terms used herein and defined in the Indenture shall have the meanings ascribed to them in the Indenture.

Section 1.2 Rules of Construction.

In this Loan Agreement, unless the context otherwise requires:

(a) The singular form of any word used herein, including the terms defined in Section 1.01 of the Indenture, shall include the plural, and vice versa. The use herein of a word of any gender shall include correlative words of all genders.

(b) Unless otherwise specified, references to Articles, Sections and other subdivisions of this Loan Agreement are to the designated Articles, Sections and other subdivisions of this Loan Agreement as originally executed. The words “hereof,” “herein,” “hereunder” and words of similar import refer to this Loan Agreement as a whole.

(c) The headings or titles of the several articles and sections, and the table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the provisions hereof.

(d) The parties acknowledge that each party to this Loan Agreement and their respective counsel have participated in the drafting and revision of this Loan Agreement and the other Bond Documents. Accordingly, the parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Loan Agreement, any of the other Bond Documents or any amendment or supplement or exhibit hereto or thereto.

[End of Article I]

ARTICLE II

REPRESENTATIONS

Section 2.1 Representations and Covenants of the Issuer.

The Issuer represents and covenants that:

(a) The Issuer is a political subdivision of the Commonwealth of Kentucky; and has full power and authority under the Act to adopt the Bond Resolution, to enter into and to perform its obligations under the Bond Documents to which it is a party; and when executed and delivered by the respective parties thereto, the Bond Documents to which it is a party will constitute the legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitation on legal remedies against governmental units of the Commonwealth of Kentucky.

(b) By official action of the Issuer prior to or concurrently herewith, the Issuer has authorized and approved the execution and delivery of the Bond Documents to which it is a party and the consummation by the Issuer of the transactions contemplated thereby.

(c) To the knowledge of the Issuer, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending against the Issuer seeking to restrain or enjoin the sale or issuance of the Series 2022 Bonds, or in any way contesting or affecting any proceedings of the Issuer taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Series 2022 Bonds, in any way contesting the validity or enforceability of the Bond Documents to which it is a party or contesting in any way the existence or powers of the Issuer relating to the authorization, issuance and sale of the Series 2022 Bonds.

(d) The execution and delivery by the Issuer of the Bond Documents to which it is a party and compliance with the provisions on the Issuer's part contained therein will not (i) conflict with or constitute a material breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or is otherwise subject, nor (ii) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Issuer under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Bond Documents.

Section 2.2 Representations and Covenants of the Borrower.

The Borrower hereby represents and covenants as set forth in subsections (a) – (z) of this Section 2.2. The Borrower’s representations and warranties are made as of the date of this Loan Agreement and as of the date of delivery of the Series 2022 Bonds to the initial purchasers and survive the issuance of the Series 2022 Bonds. The Borrower’s representations and warranties remain operative and in full force and effect regardless of the issuance of the Series 2022 Bonds, and regardless of any investigations by or on behalf of the Issuer or the results thereof.

(a) The Borrower is a limited liability company, is in good standing in the State of Delaware, as applicable, and is duly qualified to transact business in the Commonwealth of Kentucky, is not in violation of any provision of its operating agreement, has power to enter into the Borrower’s Documents and has duly authorized the execution, delivery and performance of this Loan Agreement and the other Borrower’s Documents. The person(s) executing this Loan Agreement and the other Borrower’s Documents on behalf of the Borrower are fully authorized to execute the same. The Borrower’s Documents have been duly authorized, executed and delivered by the Borrower. The officers of the Borrower executing the Borrower’s Documents are duly and properly in office and fully authorized to execute the same.

(b) (i) This Loan Agreement and the other Borrower’s Documents, when assigned to the Trustee pursuant to the Indenture, will constitute the legal, valid and binding agreements of the Borrower enforceable against the Borrower in accordance with their terms, including by the Trustee for the benefit of the Holders of the Series 2022 Bonds, and (ii) the Unassigned Rights constitute the legal, valid, and binding agreements of the Borrower enforceable against the Borrower (A) by the Issuer in its own right, or (B) in the case of the rights of any Issuer Indemnified Person (including, without limitation, the right of such Issuer Indemnified Person to indemnification and immunity from liability), by such Issuer Indemnified Person in his, her or its own right in accordance with their respective terms.

(c) The execution and delivery of this Loan Agreement and other Borrower’s Documents, the consummation of the transactions herein and therein contemplated and, the fulfillment of or compliance with the terms and conditions thereof do not conflict with or result in a breach of the terms, conditions, or provisions of the Borrower’s organizational documents or any restriction or any agreement or instrument to which the Borrower is now a party or by which the Borrower is bound, or constitute a default under any of the foregoing, or result in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Borrower under the terms of any instrument or agreement. The Borrower agrees to fully and faithfully comply with and perform its obligations under the terms and conditions of the Borrower’s Documents.

(d) No consent or approval of any trustee or holder of any indebtedness of the Borrower or any guarantor of indebtedness of or other provider of credit or liquidity to the Borrower, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or “blue sky” laws) is necessary in connection with the execution and delivery of the Borrower’s Documents, or the consummation of any transaction herein or therein

contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(e) There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the Borrower, after reasonable investigation, threatened, against or affecting the Borrower or the assets, properties or operations of the Borrower which, if determined adversely to the Borrower or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by, or the validity of, the Bond Documents or the Borrower's Documents, or upon the financial condition, assets, properties or operations of the Borrower, and the Borrower is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by Bond Documents or the Borrower's Documents, or the financial condition, assets, properties or operations of the Borrower. All tax returns (federal, state and local) required to be filed by or on behalf of the Borrower have been filed, and all taxes shown thereon to be due, including interest and penalties have been timely paid.

(f) There (i) is no completed, pending or, to the knowledge of the Borrower, threatened bankruptcy, reorganization, receivership, insolvency or like proceeding, whether voluntary or involuntary, affecting the Project, the Borrower or any member of the Borrower, and (ii) has been no assertion or exercise of jurisdiction over the Project, the Borrower or any member of the Borrower by any court empowered to exercise bankruptcy powers.

(g) Each Project (i) constitutes one or more separate tax parcels, (ii) conforms in all material respects with all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over a Project and (iii) has available to it all necessary utilities.

(h) The Borrower will not take or permit to be taken any action which would have the effect, directly or indirectly, of subjecting interest on any of the Tax-Exempt Bonds to federal income taxation. The representations and certifications contained in the Tax Agreement executed by the Borrower on the Dated Date are true and correct, and are incorporated by reference herein.

(i) The Borrower will cause the Project to be acquired, renovated, furnished, equipped and operated in accordance with the laws, rulings, regulations and ordinances of the respective state and the departments, agencies and political subdivisions thereof in which the Project is located. The Borrower has obtained or will cause to be obtained all requisite approvals of such state and of other federal, state, regional and local governmental bodies for the acquisition, rehabilitation, equipping and operation of the Project, including all approvals essential to the transactions contemplated by this Loan

Agreement and the other Borrower's Documents and any other documents contemplated hereby or thereby. The Borrower has acquired good fee simple title to the Project.

(j) The Borrower agrees to fully and faithfully perform all the duties and obligations which the Issuer has covenanted and agreed in the Indenture to cause the Borrower to perform and any duties and obligations which the Borrower or the Issuer is required by the Indenture to perform. The foregoing shall not apply to any duty or undertaking of the Issuer which by its nature cannot be delegated or assigned.

(k) The Borrower agrees to provide to the Issuer all information requested by the Issuer as may be necessary to enable the Issuer to complete and file all forms and reports required by the laws of the Commonwealth of Kentucky and the Code in connection with the Project and the Series 2022 Bonds.

(l) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or the Issuer is a party or of which it is a beneficiary; that it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project; and that it has not relied on the Issuer for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Issuer in any manner except to issue the Series 2022 Bonds in order to provide funds to lend to the Borrower.

(m) The Borrower represents that the Sole Member, which is the sole member of the Borrower, is an organization described in Section 501(c)(3) of the Code. The Borrower represent that the Sole Member has received a determination from the Internal Revenue Service to the effect that it is described in Section 501(c)(3) of the Code, that such determination has not been modified, limited or revoked, that the Sole Member was and is in compliance with all terms, conditions, and limitations, if any, contained in such determination material applicable to it, that the facts and circumstances which form the basis of such determination as represented to the Internal Revenue Service continue substantially to exist, including, specifically, with regard to financing the acquisition, rehabilitation, equipping and financing of additional renovations of the Project, and that the Sole Member is exempt from federal income taxation under Section 501(a) because it is an organization described in Section 501(c)(3) of the Code. The Borrower agrees that it shall not perform any acts or enter into any agreement which shall adversely affect the Sole Member's federal income tax status nor shall either carry on or permit to be carried on at the Project or permit the Project to be used in or for any trade or business or by any person if such activity would generate unrelated trade or business income that would adversely affect the federal income tax status of interest on the Tax-Exempt Bonds or if such activity would adversely affect the Sole Member's federal income tax status under Section 501(c)(3) of the Code.

(n) The Borrower is a limited liability company and was and will continue to be organized for the sole purpose of owning and operating the Project, has been and will continue to be treated as an entity that is not separate from the Sole Member for federal

income tax purposes, has not and will not engage in any business transaction unrelated to the ownership and operation of its respective Project, and has not and will not have any other material assets than those related to its respective Project.

(o) The Borrower has no material financial obligation or known contingent liabilities under any indenture, mortgage, deed of trust, loan agreement, or other agreement or instrument to which the Borrower is a party or by which the Borrower or the Project are otherwise bound, other than obligations under the Mortgages and the other Borrower's Documents.

(p) To the Borrower's knowledge, the Project comply in all material respects with all applicable Environmental Laws.

(q) To the Borrower's knowledge, the Project is not located in a flood hazard area as defined by the Federal Insurance Administration.

(r) There is no proceeding threatened or pending for the total or partial condemnation, appropriation, or recapture of any material portion of the Project that would materially affect the Borrower's performance under the Borrower's Documents, or the use, value, or operation of the Project.

(s) To the Borrower's knowledge, the Borrower does not have any material contingent liability in connection with any release of any Hazardous Substances into the environment.

(t) All security deposits collected in connection with the Project will be held (i) in accordance with all applicable laws and (ii) in segregated eligible accounts.

(u) The Project (i) has not suffered any damage that would materially and adversely affect the use or value of the Project as security for the Loan and (ii) is in good repair and condition so as not to materially and adversely affect the use or value of the Project as security for the Loan.

(v) The Project is, as of the Closing Date, or will be within 12 months of the Closing Date, in compliance with all requirements of the Land Use Restriction Agreement. The Borrower intends to cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Land Use Restriction Agreement, including all applicable requirements of the Act and the Code. All leases for units in the Project will comply with all applicable laws and the Land Use Restriction Agreement. The Project meets the requirements of this Loan Agreement, and the Land Use Restriction Agreement with respect to residential rental housing.

(w) No written information, exhibit or report furnished to the Issuer by the Borrower in its application for financing or by the Borrower or its representatives in connection with the negotiation of this Loan Agreement or the Borrower's Documents, regardless of whether the Issuer is a party thereto (including, without limitation, any financial statements, whether audited or unaudited, and any other financial information provided in connection therewith) contains any untrue statement of a material fact or

omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representation and warranty in this subsection is made only to the Issuer and may not be relied upon by any other Person.

(x) The Permitted Encumbrances do not and will not materially and adversely affect (1) the ability of the Borrower to pay in full the principal and interest on the Note in a timely manner or (2) the use of the Project for the use currently being made thereof, the operation of the Project as currently being operated or the value of the Project.

(y) The Project has adequate rights of access to public ways and are served by utilities, including, without limitation, adequate water, sewer, electricity, gas, telephone, sanitary sewer, and storm drain facilities. All public utilities necessary to the continued use and enjoyment of the Project as presently used and enjoyed are located in the public right-of-way abutting the Project, and all such utilities are connected so as to serve the Project without passing over other property. All roads necessary for the full utilization of the Project for its current purpose have been completed and dedicated to public use and accepted by all governmental authorities or are the subject of access easements for the benefit of the Project.

(z) Except as disclosed in the Title Policies, there are no pending or, to the knowledge of the Borrower, proposed special or other assessments for public improvements or otherwise affecting the Project, nor, to the knowledge of the Borrower, are there any contemplated improvements to the Project that may result in such special or other assessments.

Section 2.3 Reorganization or Reconstitution; Substitution of Sole Member.

The Borrower may reorganize or reconstitute by substituting its Sole Member with another organization described in Section 501(c)(3) of the Code at any time without the consent of the Holders of the Bonds so long as no Event of Default shall have occurred and then be existing or result from any such substitution. Prior to such reorganization or reconstitution, the affected Borrower shall comply or cause compliance with the following conditions and deliver evidence of satisfaction of such conditions to the Trustee: (i) the resulting entity shall assume all of the obligations of the affected Borrower under the Bond Documents and counsel to the Borrower shall deliver enforceability opinions as to such documents against such resulting Borrower in form and substance substantially similar to the enforceability opinions delivered on the Closing Date, (ii) the Borrower shall cause the Title Policy applicable to its Project to be amended or endorsed in the name of the new entity, if applicable, (iii) the Borrower shall cause the applicable Mortgage, Land Use Restriction Agreement, UCC Financing Statement and other security documents that have been recorded in the applicable jurisdiction to be amended and re-recorded to reflect the change in corporate organization in the same or similar manner as the applicable Mortgage, Land Use Restriction and UCC Financing Statements and other security documents, (iv) the Borrower shall cause the substituting sole member to provide evidence of all corporate approvals necessary to effect the reorganization, (v) the Borrower shall secure an opinion of Bond Counsel that such reorganization does not adversely affect the tax-exempt status of the Tax-Exempt Bonds, (vi) the Borrower shall file or cause the Dissemination Agent to file a

notice of such reorganization or reconstitution with EMMA (as such term as defined in the Continuing Disclosure Agreement) and (vii) the Borrower shall file with the Trustee and the Issuer a certificate certifying that (A) the substituting sole member has received a determination from the Internal Revenue Service to the effect that it is described in Section 501(c)(3) of the Code, (B) that such determination has not been modified, limited or revoked, that the substituting sole member was and is in compliance with all terms, conditions, and limitations, if any, contained in such determination material applicable to it, (C) that the facts and circumstances which form the basis of such determination as represented to the Internal Revenue Service continue substantially to exist, including, specifically, with regard to financing the acquisition, rehabilitation, equipping and financing of additional renovations of the relevant Project, and (D) that the substituting sole member is exempt from federal income taxation under Section 501(a) because it is an organization described in Section 501(c)(3) of the Code. In addition, the Borrower shall pay or cause to be paid all of the costs, fees and expenses associated with the reorganization or reconstitution, including but not limited to, the costs associated with the matters described in this Section.

Section 2.4 Special Arbitrage Certifications.

The Issuer covenants not to knowingly cause or direct any money on deposit in any Fund or Account under the Indenture to be used in a manner which would cause the Tax-Exempt Bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code, and the Borrower certifies and covenants to and for the benefit of the Issuer and the Holders that so long as there are any Tax-Exempt Bonds Outstanding, money on deposit in any Fund or Account under the Indenture in connection with the Tax-Exempt Bonds, whether such money was derived from the proceeds of the sale of the Tax-Exempt Bonds or from any other source, will not be used in a manner which will cause the Tax-Exempt Bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code. In furtherance of this covenant, the Issuer, the Sole Member and the Borrower have entered into the Tax Agreement and covenant to comply with all of the terms and conditions thereof.

Section 2.5 Tax Exempt Status of Tax-Exempt Bonds.

The Borrower hereby represents, warrants and agrees that it will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from gross income of the recipients thereof of the interest on the Tax-Exempt Bonds for federal income tax purposes and, if it should take or permit, or omit to take or cause to be taken, any such action, the Borrower shall take or cause to be taken all lawful actions necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof. In furtherance of this covenant, the Issuer, the Sole Member and the Borrower have entered into the Tax Agreement and covenant to comply with all of the terms and conditions thereof.

Section 2.6 Land Use Restriction Agreement.

In order to maintain the exclusion of interest on the Tax-Exempt Bonds from gross income for purposes of federal income taxation and to assure compliance with the Act and certain additional requirements of the Issuer, the Borrower hereby agrees that it shall, concurrently with or before the execution and delivery of the Bonds, execute and deliver and

cause to be recorded the Land Use Restriction Agreement with respect to the Project. The Borrower shall comply with the terms of the Land Use Restriction Agreement. The Borrower agrees to cause any amendments to the Land Use Restriction Agreement to be recorded in the appropriate official public records.

Section 2.7 Special Purpose Entity Covenants.

The Borrower agrees as follows:

- (a) To maintain books and records separate from any other person or entity.
- (b) To maintain its accounts separate from any other person or entity.
- (c) Not to commingle its assets with those of any other entity.
- (d) To conduct its own business in its own name.
- (e) To maintain separate financial statements.
- (f) To pay its own liabilities out of its own funds, unless those activities are joint and/or overlapping activities, then Project funds will be used, such as insurance premiums.
- (g) To observe all material business organization formalities.
- (h) Except in connection with the Note and this Loan Agreement, not to guarantee or become obligated for the debts of any other entity or hold out its credit as being available to satisfy the obligations of others.
- (i) Not to acquire obligations of its partners, members or shareholders.
- (j) To allocate fairly and reasonably any overhead for shared office space.
- (k) To use separate stationery, invoices and checks.
- (l) Except in connection with the Note and this Loan Agreement, not to pledge its assets for the benefit of any other entity or make any loans or advances to any entity.
- (m) To hold itself out as a separate entity.
- (n) To correct any known misunderstanding regarding its separate identity.
- (o) To maintain adequate funds, as it determines in its sole discretion, in light of its contemplated business operations;
- (p) Not to acquire or own any property other than the Mortgaged Property, and property that is necessary for or incidental to the operation of the Project and proceeds therefrom;

(q) Not to engage in any business or activity other than (i) to acquire, own, develop, hold for investment, manage, operate, lease, sell, exchange, finance, dispose of and otherwise realize the economic benefit from the Project and (ii) to engage in such other lawful activities as are necessary, appropriate, convenient or incidental to the foregoing purpose;

(r) Except in connection with the Note and this Loan Agreement, not to enter into or become a party to any transaction with any affiliate, except in the ordinary course of business and on terms which are no less favorable to such affiliate than would be obtained in a comparable arm's length transaction with an unrelated third party;

(s) Not to engage in a non-exempt prohibited transaction described in Section 406 of ERISA or Section 4975 of the Internal Revenue Code;

(t) To maintain its assets and liabilities in such a manner that it is not costly or difficult to segregate, ascertain or identify its individual assets or liabilities from those of any other Person;

(u) Not to make any contributions, payments or distributions, or transfer any assets to any other Person in violation of the Bond Documents; and

(v) Not to (i) liquidate or dissolve, in whole or in part; or (ii) consolidate, merge or enter into any form of consolidation with or into any other Person, nor, except as required or permitted by the Bond Documents, convey, transfer or lease its assets substantially as an entirety to any Person nor permit any Person to consolidate, merge or enter into any form of consolidation with or into itself.

[End of Article II]

ARTICLE III

ISSUANCE OF BONDS; LOAN TO BORROWER; RELATED OBLIGATIONS

Section 3.1 Issuance of Series 2022 Bonds; Deposit of Proceeds.

To provide funds to assist the Borrower in financing the acquisition, renovation, furnishing and equipping of the Project, the Issuer, concurrently with the execution and delivery of this Loan Agreement, and upon satisfaction of the conditions to the delivery of the Series 2022 Bonds set forth in Section 2.07 of the Indenture, will issue, sell and deliver the Series 2022 Bonds and will deposit the proceeds of the Series 2022 Bonds with the Trustee in accordance with Section 5.02 of the Indenture.

The Bonds will be issued pursuant to the Indenture in the aggregate principal amount, will bear interest, will mature and will be subject to redemption as set forth therein. The Borrower hereby approves the terms and conditions of the Indenture and the Bonds, and the terms and conditions under which the Bonds will be issued, sold and delivered and will comply with those provisions of the Indenture that contemplate action by the Borrower, all as if the Borrower was a party to the Indenture.

Section 3.2 The Loan; Basic Loan Payments; and Additional Payments.

(a) The Loan. The Issuer agrees, upon the terms and conditions herein, to lend to the Borrower the proceeds received by the Issuer from the sale of the Series 2022 Bonds by causing such proceeds to be deposited with the Trustee for disposition as provided in the Indenture. The obligation of the Issuer to make the Loan shall be deemed fully discharged upon the deposit of the proceeds of the Series 2022 Bonds with the Trustee. The Loan shall be evidenced by the Note.

(b) Deposit of Project Revenues; Loan Payments; Basic Loan Payments; and Additional Loan Payments. The Borrower shall cause all Project Revenues to be deposited with the Trustee for deposit into the Revenue Fund, within three Business Days of receipt by the Borrower or the Manager. In addition, the Borrower shall instruct the Administrator or other appropriate party to deposit the revenues generated pursuant to the HAP Contract to be wired directly from the Administrator to the Trustee for deposit into the Revenue Fund. The Project Revenues shall be used to pay the Basic Loan Payments and the Additional Loan Payments, as provided in this Section 3.2(b), in such lawful money of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. The Borrower hereby grants to the Issuer a lien on and security interest in all of its right, title and interest in and to the Project Revenues, and all money, securities, and obligations held for the credit of the Revenue Fund, as security for payment of the Basic Loan Payments and the Additional Loan Payments. The Borrower acknowledges and consents to the assignment by the Issuer of such security interest in the Project Revenues and all money, securities, and obligations held for the credit of the Revenue Fund to the Trustee as security for the Bonds.

(i) Basic Loan Payments. The Project Revenues shall be used to pay, as Basic Loan Payments, the following amounts:

(1) on or before the 12th day of each month, commencing _____ 12, 2022, until such time as the principal of and the premium, if any, and interest on, the Bonds shall have been paid in full, or provisions made for such full payment in accordance with the provisions of the Indenture, to the Trustee for deposit in the Interest Account in the Bond Fund provided for in the Indenture, a sum equal to the Interest Requirement on then Outstanding Bonds for such month; and

(2) Reserved.

The monthly installments of Basic Loan Payments described in (1) and (2) above payable by the Borrower under this Loan Agreement shall in any event be equal in the aggregate to an amount that, with other funds in the respective Accounts in the Bond Fund then available for the payment of principal and interest on the Bonds, shall be sufficient to provide for the payment in full of the interest on, premium, if any, and principal on the Bonds as they become due and payable.

Except as otherwise provided in the Indenture, the Project Revenues shall also be used to pay, as Basic Loan Payments, to the Trustee for deposit in the Bond Fund, such amounts as shall, together with any other money available therefor, be sufficient to pay all amounts, if any, required to redeem each Series of Bonds pursuant to the provisions of Article III of the Indenture as and when they become subject to redemption pursuant thereto, together with any related redemption premium associated therewith, with all such payments to be made by the Borrower to the Trustee, for deposit into the Bond Fund Accounts on or before the date such money is required by said provisions of the Indenture.

(ii) Additional Loan Payments. The Project Revenues shall be used to timely pay, in addition to the Basic Loan Payments, the following costs and expenses (to the extent such costs and expenses are not paid from the proceeds of the sale of the Bonds), which are the Additional Loan Payments:

(1) amounts required to be deposited in the Operating Fund sufficient to pay the Operating Expenses of the Project, as provided for in the Budget and in the Indenture;

(2) all taxes and assessments of any type or character charged to the Issuer or to the Trustee affecting the amount available to the Issuer or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments); provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Issuer or the Trustee, at the Borrower's expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any

such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Issuer or the Trustee;

(3) any amounts required to be deposited in the Debt Service Reserve Fund in order to satisfy the Debt Service Reserve Requirement pursuant to the Indenture; and should funds be withdrawn from the Debt Service Reserve Fund, the Borrower shall restore the difference between the amount on deposit in the Debt Service Reserve Fund and the Debt Service Reserve Requirement from the next available deposits of Project Revenues and other deposits to the Revenue Fund made in accordance with the Indenture;

(4) the Ordinary Trustee's Fees and Expenses and Extraordinary Trustee's Fees and Expenses, and all other fees and other costs of the Trustee, including without limitation, reasonable fees and expenses of counsel to the Trustee, payable to the Trustee for services or indemnity under the Indenture and the Borrower's Documents (including services in connection with the administration and enforcement thereof and compliance therewith);

(5) the reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Issuer or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under this Loan Agreement, the Borrower's Documents or the Indenture, including, but not limited to, any audit or inquiry by the Internal Revenue Service or any other governmental body;

(6) the Issuer Annual Fee and the reasonable fees and expenses of the Issuer or any agent or attorney selected by the Issuer to act on its behalf in connection with this Loan Agreement, the Borrower's Documents, the Bonds or the Indenture, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any such Bonds or in connection with any litigation, investigation, inquiry or other proceeding which may at any time be instituted involving this Loan Agreement, the Borrower's Documents, the Bonds or the Indenture or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of this Loan Agreement and the Borrower's Documents;

(7) amounts sufficient to maintain balances in the Repair and Replacement Fund and the Insurance and Tax Escrow Fund, equal to the amounts required pursuant to the Indenture;

(8) all fees and expenses of the Rebate Analyst to provide the rebate calculations required under the Tax Agreement, and if a deposit is required to be made to the Rebate Fund as a result of any calculation made pursuant to the Tax Agreement, the Borrower shall cause to be paid from Project Revenues the amount of such deposit in accordance with the terms of the Indenture;

(9) the Dissemination Agent Fee payable in accordance with and as provided under the Indenture and Continuing Disclosure Agreement; and

(10) the costs and expenses associated with any audit of the Tax-Exempt Bonds by the Internal Revenue Service.

Such Additional Loan Payments shall be paid out of the Administration Fund as set forth in the Indenture or be billed to the Borrower by the Issuer or the Trustee from time to time, together with a statement certifying that the amount billed has been incurred or paid by the Issuer or the Trustee for one or more of the above items. After such a demand, amounts so billed shall be paid by the Borrower within thirty (30) days after receipt of the bill by the Borrower. Notwithstanding the foregoing, the Issuer may, but shall not be required to, submit a bill to the Borrower for payment of the Issuer Annual Fee. Such Issuer Annual Fee shall be paid in semiannual installments on the six (6)-month anniversary of the Closing Date and subsequently on the same day every sixth (6th) month thereafter. The amount of each semiannual payment shall be determined by multiplying (i) the principal amount of Bonds Outstanding as of the last day of the calendar month preceding the installment payment due date by (ii) 0.03% by (iii) one half (1/2).

Any invoice furnished to the Borrower by the Issuer or the Trustee pursuant to this Section 3.2 shall be deemed to constitute a written notice under Section 7.2 sufficient to cause the 30-day period specified in said Section 7.2 to commence

(iii) Revenue Fund. As security for its obligations to make the payments required in subsections (i) and (ii) above, the Borrower shall pay (or cause the Manager or HUD to pay) all Project Revenues from the Project to the Trustee for deposit in the Revenue Fund in accordance with the first paragraph of this Section 3.2(b).

(iv) Miscellaneous. In the event the Borrower shall fail to pay, or fail to cause to be paid, any Loan Payments as required by this Section 3.2(b) (except to the extent amounts due under Section 3.2(b) are paid from amounts on deposit in the Debt Service Reserve Fund, Repair and Replacement Fund or the Surplus Fund), the payment not paid shall continue as an obligation hereunder of the Borrower until the unpaid amount shall have been fully paid, and the Borrower shall pay, or cause to be paid, the same with interest thereon from the date of non-payment until the date so paid at the Default Rate. The requirement that interest be paid at the Default Rate shall be in addition to and not in lieu of any other remedy that may exist for the failure of the Borrower to make the payments required in this Section 3.2.

The Borrower shall pay, or cause to be paid, in accordance with the terms of this Section 3.2, the Loan Payments without any further notice thereof.

The Borrower shall be permitted to distribute, free and clear of any and all liens or encumbrances on, or right to recovery of, such funds hereunder, to the Sole Member or any other Person any funds properly disbursed to the Borrower from the Surplus Fund subject to the terms and provisions of the Indenture.

In addition to and without in any way limiting its obligations to pay and indemnify the Issuer and the Issuer Indemnified Persons against fees, costs and charges arising out of or in connection with this Loan Agreement, the Borrower's Documents, the Bonds or the Indenture the Borrower shall pay, upon the closing of the issuance of the Bonds and as a condition thereto: (i) to the Issuer, the Issuer's issuance fee in the amount of \$_____ less, if applicable, any application fee heretofore paid by the Borrower to the Issuer; and (ii) attorney's fees incurred by the Issuer in connection with the issuance of the Bonds.

Section 3.3 Obligations Unconditional.

The obligations of the Borrower to make the payments required in Section 3.2 and other Sections hereof and to perform and observe the other agreements contained herein shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach by the Issuer or the Trustee of any obligation to the Borrower whether hereunder or otherwise, or out of any Indebtedness or liability at any time owing to the Borrower by the Issuer or the Trustee. Until such time as the principal of, premium, if any, and interest on the Bonds, and any costs incidental thereto, shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Borrower (a) will not suspend or discontinue any payments provided for in Section 3.2 hereof, (b) will perform and observe all other agreements contained in this Loan Agreement, and (c) except as provided in Article VIII hereof, will not terminate this Loan Agreement for any cause, including, without limiting the generality of the foregoing, failure of the Borrower to complete the acquisition, renovation, furnishing and equipping of the Project, the occurrence of any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, the taking by eminent domain of title to or temporary use of any or all of the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the Commonwealth of Kentucky or any political subdivision of either or any failure of the Issuer or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement or otherwise.

Nothing contained in this Section shall be construed to release the Issuer from the performance of any of the agreements on its part herein contained, and in the event the Issuer or the Trustee fails to perform any such agreement on its part, the Borrower may institute such action against the Issuer or the Trustee as the Borrower may deem necessary to compel performance so long as such action does not abrogate the obligations of the Borrower contained in the first sentence of this Section. The Borrower may, at its own cost and expense and in its name with proper notice to the Issuer, prosecute or defend any action or proceeding or take any other action involving third persons which the Borrower deems reasonably necessary in order to secure or protect the Borrower's right of possession, occupancy and use of the Project, and in such event the Issuer hereby agrees to cooperate fully with the Borrower, at the Borrower's sole cost and expense.

The Borrower's obligations under this Loan Agreement and the other Borrower's Documents shall be a general obligation of the Borrower.

Section 3.4 Assignment of Issuer's Rights.

As security for the payment of the Bonds, the Issuer in the Indenture assigns to the Trustee certain of the Issuer's rights under this Loan Agreement, including the right to receive payments hereunder (except for any deposits to the Rebate Fund and the Unassigned Rights), and the Borrower hereby assents to such assignment and agrees to make payments directly to the Trustee, without defense or set off by reason of any dispute between the Borrower and the Issuer or the Trustee. By virtue of such assignment and certain obligations of the Borrower to the Trustee, the Issuer shall have no obligation to, and instead the Trustee shall have the right without further direction from the Issuer, to enforce the obligations of the Borrower hereunder (except for the Unassigned Rights), subject to the limitations hereof, including the limitations in Section 3.3.

Section 3.5 Amounts Remaining in Funds.

It is agreed by the parties hereto that after (a) payment in full of the Bonds, or provision for such payment having been made as provided in the Indenture, (b) payment of all reasonable fees, charges and expenses of the Trustee in accordance with the terms of the Indenture, and (c) payment of all other amounts required to be paid under this Loan Agreement and the Indenture, any amounts remaining in the Funds and Accounts held by the Trustee under the Indenture, subject to the application of money in the Rebate Fund as provided in the Tax Agreement, shall be applied by the Trustee as provided in Section 5.16 of the Indenture. The Issuer shall have no claim to such amounts.

Section 3.6 Borrower Required To Pay if Project Fund Insufficient.

In the event the money in the Project Fund available for payment of the amounts described in Section 5.03 of the Indenture is insufficient to pay such amounts in full, the Borrower agrees to pay such insufficiency. The Issuer does not make any warranty, either express or implied, that the money which will be paid into the Project Fund and which, under the provisions of this Loan Agreement, will be available for payment of the Costs of the Project, will be sufficient to pay all the costs which will be incurred in that connection. The Borrower agrees that if, after exhaustion of the money in the Project Fund, the Borrower pays any portion of such Costs of the Project pursuant to the provisions of this Section, it will not be entitled to any reimbursement therefor from the Issuer or from the Trustee or from the Holders of any of the Bonds, nor will it be entitled to any diminution of the loan payments payable under Section 3.2 hereof. The obligation of the Borrower to complete the acquisition and renovation of the Project will survive any termination of this Loan Agreement.

Section 3.7 Security for Payments Under the Bonds.

Contemporaneously with the issuance of the Series 2022 Bonds, as security for the payment of the Bonds, the Issuer will execute and deliver the Indenture, under the terms of which all of the right, title, interest, and remedies of the Issuer in this Loan Agreement (except the Unassigned Rights), the Note, the HAP Assignment, the Land Use Restriction Agreement and the Mortgages (if any), together with all revenues and amounts to be received and all property to be held by the Issuer thereunder, will be assigned and will be the subject of a grant of a security interest to the Trustee and will be pledged as security for, among other things, the payment of the Bonds. The Borrower hereby consents to such assignment and grant of a security

interest and hereby agrees that its obligations to make all payments under this Loan Agreement will be absolute and will not be subject to any defense, except payment, or to any right of setoff, counterclaim, or recoupment arising out of any breach by the Issuer of any obligation to the Borrower, whether hereunder or otherwise, or arising out of any Indebtedness or liability at any time owing to the Borrower by the Issuer. The Borrower further agrees that all Basic Loan Payments required to be made under this Loan Agreement will be paid directly to the Trustee for the account of the Issuer. The Trustee will have all rights and remedies herein accorded to the Issuer (except for the Unassigned Rights), but shall not have assumed any obligation of the Issuer hereunder or under any of the Bond Documents, and any reference herein to the Issuer will be deemed, with the necessary changes in detail, to include the Trustee, and the Trustee and the Bondholders are deemed to be and are third party beneficiaries of the representations, covenants, and agreements of the Borrower (but not any obligation of the Issuer) herein contained. Pursuant to the Indenture, the lien on the real property included in the Project and the security interest in the personal property included in the Project granted to the Issuer (if any) pursuant to the Mortgages will be assigned to the Trustee as security for the payment of the Bonds.

The Issuer shall not be obligated to pay the principal of, premium, if any, or interest on the Bonds or any costs incidental thereto, except from the Trust Estate. Neither the faith and credit nor the taxing power of the Commonwealth of Kentucky or any other political subdivision or agency thereof or any political subdivision approving the issuance of the Bonds, nor the faith and credit of the Issuer, is pledged to the payment of the principal of, premium, if any, or interest on the Bonds or any costs incidental thereto. The Issuer has no taxing power. The Issuer shall not be directly, indirectly, contingently or otherwise liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Loan Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under this Loan Agreement, and except as may result solely from the Issuer's own willful misconduct.

The Borrower hereby acknowledges that the Issuer's sole source of moneys to repay the Bonds is the Trust Estate, and hereby agrees that if the payments to be made under this Loan Agreement shall ever prove insufficient to pay all principal, premium, if any, and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise) or any costs incidental thereto, then upon notice or demand from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal, premium, if any, or interest when due, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Issuer or any third party, subject to any right of reimbursement from the Trustee, the Issuer or any such third party, as the case may be, therefor.

Section 3.8 Reserved.

Section 3.9 Warranty of Title.

The Borrower warrants that (a) it has acquired, or simultaneously with the issuance of the Series 2022 Bonds will acquire, good and indefeasible fee simple title to the Mortgaged Property, (b) the Borrower is or will be the legal owner of all real and personal property included

in the Project and (c) the Project is and will be free from all adverse claims, security interests, and encumbrances, other than Permitted Encumbrances.

Section 3.10 Title Insurance.

The Borrower, prior to or simultaneously with the issuance of the Series 2022 Bonds, will furnish the Title Policies to the Trustee and the Placement Agent. The Borrower will furnish within the time limit specified in any binder an original of the Title Policies to the Trustee. The mortgagee's title policies will insure that the Trustee has a valid lien on the real property described in Exhibit A to the Mortgages subject only to Permitted Encumbrances. There will be deleted from the Title Policies the standard exceptions for discrepancies, encroachments, overlaps, conflicts in boundary lines, servitudes, shortages in area, or other matters which would be disclosed by an accurate survey and inspection of the Mortgaged Property, for mechanics' and materialmen's liens, or for rights or claims of parties in possession and easements or claims of easements not shown by the public records. The Title Policies will contain the standard zoning endorsement and will not contain an exception for matters shown by a current survey. In lieu of the standard zoning endorsement, the Borrower may provide an opinion of Independent Counsel to the effect that the Project is properly zoned or evidence of proper zoning from appropriate government officials. Any Net Proceeds payable either to the Trustee or the Borrower under the Title Policies will be subject to the lien of the Indenture, and held by the Trustee in the Project Fund, and, at the Borrower's written direction, will be either (a) used to acquire or construct replacement or substitute property for that to which title has been lost, provided that the Borrower receives prior written consent from the Trustee and a Favorable Opinion of Bond Counsel that such action will not affect the excludability of interest from income of the Tax-Exempt Bonds, or (b) used to redeem Bonds pursuant to Section 3.01 of the Indenture. Any proceeds of the Title Policies remaining after the Bonds are no longer Outstanding will be paid to the Borrower. The Trustee has no duty to review the Title Policies to determine the sufficiency thereof.

Section 3.11 Borrower's Covenants Regarding Title.

The Borrower agrees, at its sole expense, to protect, preserve, and defend its interest in the Project and its title thereto, to appear and defend such interest and title in any action or proceeding affecting or purporting to affect the Project, the liens of the Mortgages thereon, or any of the rights of the Trustee thereunder, and to pay on demand all costs and expenses reasonably incurred by the Trustee in or in connection with any such action or proceeding, including reasonable attorneys' fees, whether any such action or proceeding progresses to judgment and whether brought by or against the Trustee. The Trustee will be reimbursed for any such costs and expenses in accordance with the provisions of Section 6.13 hereof. If the Borrower does not take the action contemplated herein, the Trustee or the Issuer may, but will not be under any obligation to, appear or intervene in any such action or proceeding and retain counsel therein and defend the same or otherwise take such action therein as it may be advised and may settle or compromise the same and, in that behalf and for any of such purposes, may expend and advance such sums of money as it may deem necessary, and such sums will be an advance payable in accordance with Section 6.13 hereof.

[End of Article III]

ARTICLE IV

THE PROJECT

Section 4.1 Acquisition of the Project.

The Borrower's interest in any land, buildings and equipment acquired with the proceeds of the Bonds or amounts deposited in the Project Fund shall be a part of the Project, shall belong to and be the property of the Borrower, and shall be subject to this Loan Agreement.

The Borrower agrees that it will acquire the Project immediately upon issuance of the Bonds, substantially in accordance with the descriptions set forth in *Exhibit A* hereto, and the Borrower agrees to use its best efforts to cause the acquisition of the Project to be completed as of the Closing Date and rehabilitation and equipping of the Project to be completed as soon as practicable and with all reasonable dispatch following the Closing Date.

Section 4.2 Disbursement of Project Fund.

Amounts in the Project Fund shall be disbursed by the Trustee as provided in the Indenture, upon delivery by the Borrower to the Trustee of a requisition, substantially in the form attached hereto as *Exhibit B*, executed by a Borrower's Representative setting forth the nature of the amounts to be paid and the name of the payee and certifying that the amounts being paid are Costs of the Project. The execution of each requisition submitted for disbursements by the Borrower shall constitute the certification, warranty, and agreement of the Borrower as follows:

- (a) the Project is free and clear of all liens and encumbrances except Permitted Encumbrances;
- (b) all evidence, statements, and other writings required to be furnished under the terms of this Loan Agreement and the Indenture are true and omit no material fact, the omission of which may make them misleading;
- (c) all monies previously disbursed from the Project Fund with respect to the particular Project have been used solely to pay for Costs of the Project, and the Borrower has written evidence to support this item of warranty;
- (d) none of the items for which payment is requested have formed the basis for any payment previously made from the Project Fund; and
- (e) all bills for labor, materials, and fixtures used, or on hand and to be used, in the rehabilitation or equipping of the Project has been paid.

Section 4.3 Operating Expenses.

The Borrower agrees to pay when due all Operating Expenses. The Borrower agrees to review and approve invoices for Operating Expenses on a timely basis. The Borrower's Representative and the Manager shall be entitled to request in writing, in the form attached hereto as *Exhibit E*, the disbursement from the Operating Fund of the monthly Operating

Requirements by the Trustee to fund the costs of operating the Project. For purpose of complying with such request, the Trustee may conclusively rely and shall be protected in acting or refraining for acting upon the request of the Borrower or the Manager, which may be submitted by facsimile or e-mail (.pdf format). The Trustee shall not be bound to make an investigation into the facts or matters stated in any such request.

The Borrower shall establish and maintain a Property Operating Account in a federally insured financial institution. Money provided to the Borrower from the Operating Fund pursuant to Section 5.08 of the Indenture shall be held in the Borrower's Property Operating Account and used by the Borrower or the Manager to pay Operating Expenses. On each Interest Payment Date, amounts on deposit in the Borrower's Property Operating Account in excess of the amount needed to pay or be reserved to pay actual Operating Expenses of a Project shall be transferred by the Borrower to the Trustee for deposit in the Revenue Fund. Any balance in any Property Operating Account at such time that transfers from the accounts within the Operating Fund to the Property Operating Account are not permitted pursuant to Section 5.08 of the Indenture shall be promptly transferred by the Borrower to the Trustee for deposit in the Operating Fund.

If actual Operating Expenses for a Project and other actual disbursements with respect to such Project in any month exceed amounts budgeted therefor for that month, the Borrower's Representative or the Manager may requisition from the Surplus Fund the amount of such excess in the manner provided in the Indenture. For purpose of complying with such request, the Trustee may conclusively rely and shall be protected in acting or refraining for acting upon the request of the Borrower or the Manager, which may be submitted by facsimile or e-mail (.pdf format). The Trustee shall not be bound to make an investigation into the facts or matters stated in any such request. However, if there are two such requests by the Borrower or the Manager in any fiscal quarter that are in excess of 10% of the amounts budgeted therefor in any month, then (i) the Borrower must notify the Trustee, the Initial Holder and the Placement Agent; and (ii) the Borrower must prepare or cause the Manager to prepare a summary report that describes the reasons for the additional expenses and the circumstances surrounding the additional expenses.

If the Borrower ascertains that the actual expenses with respect to a Project in any month will continue to exceed amounts budgeted therefor for that month, then the Borrower will prepare or cause the Manager to prepare a revised Budget for that particular Project for the upcoming 12-month period which reflects the actual Operating Expenses in connection with such Project.

Section 4.4 Rate Covenant; Coverage.

The Borrower shall fix, charge and collect, or cause to be fixed, charged and collected rents, fees and charges in connection with the operation and maintenance of the Project such that for each Fiscal Year, beginning with the Fiscal Year ending December 31, 2023, the Debt Service Coverage Ratio will not be less than the Coverage Test, determined as of the end of each such Fiscal Year based on and supported by Audited Financial Statements. Notwithstanding the foregoing, if the Debt Service Coverage Ratio is less than 1.00 to 1.00 on the Bonds for any such Fiscal Year, such failure shall constitute a Default hereunder.

Section 4.5 Failure To Meet Rate Covenant; Retention of Management Consultant.

If the Coverage Test in any Fiscal Year beginning on or after January 1, 2023, as set forth in the certificate delivered pursuant to Section 6.8(a) hereof, is not satisfied, the Borrower shall retain a Management Consultant. Payment of the fees of the Management Consultant shall be deemed an Operating Expense. The Management Consultant shall prepare recommendations with respect to the operations of the Project and the sufficiency of the rates, fees and charges imposed by the Borrower.

The Management Consultant's report shall (a) include the projection of the Project Revenues, Operating Expenses and Net Income Available for Debt Service on a quarterly basis for not less than the next two Fiscal Years, and (b) make such recommendations to the Borrower as the Management Consultant believes are appropriate to enable the Borrower to increase the Debt Service Coverage Ratio to satisfy the Coverage Test for the current calendar year and the next two Fiscal Years. If, in the judgment of the Management Consultant, it is not possible for the Borrower to meet such requirements, the report of the Management Consultant shall so indicate and shall project the Debt Service Coverage Ratio which could be achieved if the recommendations of the Management Consultant are followed. Continuous retention of a Management Consultant during the years that are the subject of the Management Consultant's report shall not be required, however, if a Borrower Representative delivers a certificate to the Trustee, within 45 days after the end of each calendar quarter, setting forth the actual results for such quarter (which may be based on unaudited financial statements) and such results show that the Coverage Test as projected by the Management Consultant is being met. The Borrower shall, to the extent lawful and feasible and consistent with the preservation of the Sole Member's 501(c)(3) status and compliance with the Land Use Restriction Agreement, follow the recommendations of the Management Consultant.

So long as the Debt Service Coverage Ratio is equal to or greater than 1.00 to 1.00 for any Fiscal Year, failure of the Borrower to satisfy the Coverage Test covenant constitutes a Default under this Loan Agreement only if (a) the Borrower fails to engage the Management Consultant or, (b) the Borrower fails to implement the Management Consultant's reasonable recommendations, to the extent possible and to the extent consistent with the charitable mission of the Sole Member, as required by this Loan Agreement.

Section 4.6 Maintenance and Modification of Project; Removal of Equipment.

The Borrower agrees that during the term of this Loan Agreement it will at its own expense (i) keep the Project in a safe condition, (ii) keep the buildings and all other improvements forming a part of the Project in good repair and in good operating condition, making from time to time, subject to the provisions of this Section 4.6, all necessary and proper repairs thereto and renewals and replacements thereof, including external and structural repairs, renewals, and replacements, and (iii) use the Equipment in the regular course of its business only, within the normal capacity of the Equipment, without abuse, and in a manner contemplated by the manufacturer thereof, and cause the Equipment to be maintained in accordance with the manufacturer's then currently published standard maintenance contract and recommendations. The Borrower may, also at its own expense, from time to time make any Modifications to the

Project it may deem desirable for its business purposes that do not, in the opinion of an Independent Architect filed with the Trustee, adversely affect the operation or value of the Project, and provided further, that such Modifications shall not cause the Debt Service Coverage Ratio to fall below the required Coverage Test for any Series of Bonds. Modifications to the Project so made by the Borrower will be on the Mortgaged Property, will become a part of the Project, and will become subject to the lien of the Mortgages. Any contract for such Modifications (other than any modifications made to the Project with the proceeds of the Bonds) which is in an amount in excess of \$500,000 will be made only by a contractor who furnishes performance and labor and material payment bonds in the full amount of such contract, made by the contractor thereunder as the principal and a surety company or companies rated "A" or higher by A. M. Best & Company, Inc. Such bonds must name the Borrower, the Issuer, and the Trustee as obligees, and all Net Proceeds received under such bonds will be paid over to the Trustee and deposited in the Project Fund to be applied to the completion of the Modifications. Such money held by the Trustee in the Project Fund will be invested from time to time, as provided in Article VI of the Indenture.

The Borrower will execute a conditional assignment directing the Architect who has prepared any plans and specifications for any Modifications to make available to the Trustee a complete set of the plans and specifications, which assignment will be effective only upon an Event of a Default hereunder by the Borrower. Each construction contract executed by the Borrower for construction of any Modifications must contain a provision that, or by separate agreement such contractors must agree that, upon an Event of Default by the Borrower hereunder, such contracts with the contractors and/or subcontractors will be deemed assigned to the Trustee should the Trustee so direct and in which case the Trustee will be responsible for the carrying out of all the terms and conditions thereof in place of the Borrower in such contracts. The Borrower covenants to include such conditional assignments in all contracts and subcontracts executed for work to be performed on the Mortgaged Property.

The Borrower further agrees that at all times during the construction of Modifications (other than any modifications made to the Project with the proceeds of the Bonds) which cost in excess of \$100,000 (other than any modifications made to the Project with the proceeds of the Bonds), the construction contract for such Modifications must be on a "fixed" or "guaranteed maximum price" basis and the Borrower must maintain or cause to be maintained in full force and effect Builder's Risk-Completed Value Form insurance to the full insurable value of such Modifications. The Borrower will not permit any mechanics' or materialmen's or other statutory liens to be perfected or remain against the Project for labor or materials furnished in connection with any Modifications so made by the Borrower, provided that it will not constitute an Event of Default hereunder upon such lien being filed, if the Borrower notifies promptly the Trustee, in writing, of any such liens, and the Borrower in good faith and in accordance with applicable law contests promptly such liens in the same manner as is provided for the contest of Impositions in Section 4.9 hereof; and in such event the Borrower may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom.

The Borrower will not do or permit others under its control to do any work in or about the Project or related to any repair, rebuilding, restoration, replacement, alteration of, or addition to the Project, or any part thereof, unless the Borrower has first procured and paid for all requisite municipal and other governmental permits and authorizations. All such work must be done in a

good and workmanlike manner and in compliance with all applicable building, zoning, and other laws, ordinances, governmental regulations, and requirements and in accordance with the requirements, rules, and regulations of all insurers under the policies required to be carried under the provisions of Article V hereof.

If no Event of Default under this Loan Agreement has happened and is continuing, in any instance where the Borrower in its discretion determines that any items of Equipment or parts thereof have become inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary, the Borrower may remove such items of Equipment or parts thereof from the Mortgaged Property and sell, trade in, exchange, or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the Issuer therefor, provided that the Borrower will:

(a) Substitute and install anywhere in a Project items of replacement equipment or related property having equal or greater value or utility (but not necessarily having the same function) in the operation of a Project for the purpose for which it is intended, provided such removal and substitution will not impair the nature of such Project, all of which replacement equipment or related property will be free of all liens, security interests, and encumbrances (other than Permitted Encumbrances), will become subject to the security interest of a Mortgage, and will be held by the Borrower on the same terms and conditions as the items originally constituting Equipment, or

(b) In the case of: (i) the sale of any such Equipment, (ii) the trade-in of such Equipment for other machinery, furnishings, equipment, or related property not to become part of the Equipment and subject to the security interest of a Mortgage, or (iii) any other disposition thereof, the Borrower will pay to the Trustee the proceeds of such sale or disposition or an amount equal to the credit received upon such trade-in for deposit into the applicable Special Redemption Account of the Bond Fund. In the case of the sale, trade-in, or other disposition of any such Equipment to the Borrower, or an Affiliate, the Borrower will pay to the Trustee an amount equal to the greater of the amounts and credits received therefor or the fair market value thereof at the time of such sale, trade-in, or other disposition (as certified by the Borrower, with evidence of the basis therefor) for deposit into the applicable Special Redemption Account of the Bond Fund.

Except to the extent that amounts are deposited into the Bond Fund as provided in the preceding subsection (b), the removal from a Project of any portion of the Equipment pursuant to the provisions of this Section will not entitle the Borrower to any abatement or diminution of the Basic Loan Payments payable under Section 3.2 hereof.

If prior to such removal and disposition of items of Equipment from the buildings and the Mortgaged Property, the Borrower has acquired and installed machinery, furnishings, equipment, or related property with its own funds which become part of the Equipment and subject to the security interest of the Indenture or Mortgage and which have equal or greater utility, but not necessarily the same functions, as the Equipment to be removed, the Borrower may take credit to the extent of the amount so spent by it against the requirement that it either substitute and install other machinery and equipment having equal or greater value or that it make payment to the Trustee for deposit into the applicable Special Redemption Account of the Bond Fund.

The Borrower will promptly provide written notice to the Trustee regarding each such removal, substitution, sale, or other disposition referred to in this Section and will pay to the Trustee such amounts as are required by the provisions of this Section to be paid promptly into the Bond Fund after the sale, trade-in, or other disposition requiring such payment; provided, that no such report and payment need be made until the amount to be paid into the applicable Special Redemption Account of the Bond Fund on account of all such sales, trade-ins, or other dispositions not previously reported in the aggregate has a value of at least \$50,000. All amounts deposited in the Bond Fund pursuant to this Section 4.6 will be used to redeem Bonds pursuant to Section 3.02 of the Indenture on the earliest date Bonds can be redeemed at par. The Borrower will not remove, or permit the removal of, any of the Equipment from the buildings or Mortgaged Property except in accordance with the provisions of this Section 4.6. The Trustee is not responsible for verifying or validating any amounts received pursuant to this Section 4.6.

Section 4.7 Management of the Project.

The Borrower shall initially retain the Manager identified in the Indenture to provide management services with respect to the Project pursuant to the Management Agreement. No Person shall be engaged by the Borrower as the Manager unless such Person or a principal officer (or in the case of a limited liability company, manager) thereof (a) shall have at least 5 years of demonstrated experience in the management and leasing, including having (or in the case of such an officer or manager, overseeing) not less than 1,500 units under management subject to restrictions similar to those contained in the Land Use Restriction Agreement and (b) have its employees bonded for not less than the \$500,000 as required by Section 5.1(h) hereof. Any replacement or substitute Manager shall be subject to the approval of the Controlling Holders. The Borrower shall instruct the Manager that all Project Revenues collected by the Manager shall be remitted to the Trustee not later than three Business Days following receipt thereof. In the event any Management Agreement is terminated, the Borrower shall manage such Project itself until such time as it can engage a qualified successor Manager to manage such Project in accordance with the provisions of this Section. The Borrower shall so engage a successor Manager on the earliest practicable date. Any successor Management Agreement shall have substantially the same terms, and fee structure as the Management Agreement originally entered into with the Manager identified in the Indenture, and shall be subject to the provision of Section 4.8 hereof regarding forbearance of fees. Prior to entering into a contract with any successor Manager, the Borrower must first deliver to the Trustee (i) a Favorable Opinion of Bond Counsel regarding the proposed Management Agreement and (ii) a certificate of the proposed successor manager stating that it has reviewed, understands, and will comply with the restrictions contained in a Land Use Restriction Agreement and the Indenture.

Section 4.8 Forbearance and Subordination of Fees.

The Borrower hereby agrees that it, any member of the Borrower, the Sole Member, and any Manager which is an Affiliate of the Borrower, shall forbear from taking any management, administration, development or other fees, or any portions thereof, in the event and to the extent that money in the Revenue Fund are insufficient in any month to make all current and deferred deposits (other than deposits to the Surplus Fund) provided in the Indenture, and that the payment of such fees be made and in accordance with Section 5.04 of the Indenture. The

Borrower agrees that any Management Agreement entered into with respect to a Project during the term of this Loan Agreement shall be subject to this Section.

Section 4.9 Taxes and Impositions.

Subject to paragraph (c) of this Section 4.9, the Borrower agrees to pay, prior to delinquency, all real property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever, which are assessed or imposed upon the Project, or become due and payable, and which create, may create or appear to create a lien upon the Project, or any part thereof, or upon any personal property, equipment or other facility used in the operation or maintenance thereof (all of which taxes, assessments and other governmental and non-governmental charges of like nature are hereinafter referred to as “Impositions”); provided, however, that if, by law, any such Imposition is payable, or may at the option of the taxpayer be paid, in installments, the Borrower may pay the same together with any accrued interest on the unpaid balance of such Imposition in installments as the same become due and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest. Payments made by the Trustee on behalf of the Borrower from funds held under the Indenture in the Insurance and Tax Escrow Fund shall, to the extent of such payments, discharge the Borrower’s obligations hereunder.

(a) If at any time after the date hereof there shall be assessed or imposed (i) a tax or assessment on the Project in lieu of or in addition to the Impositions payable by the Project pursuant to subparagraph (a) hereof or (ii) a license fee, tax or assessment imposed on the Trustee and measured by or based, in whole or in part, upon the amount of the outstanding Note, then all such taxes, assessments or fees shall be deemed to be included within the term “Impositions,” as defined in subparagraph (a) hereof, and the Borrower shall pay and discharge the same as herein provided with respect to the payment of Impositions.

(b) Subject to the applicable state law provisions, the Borrower shall have the right before any delinquency occurs to contest or object to the amount or validity of any Imposition by appropriate legal proceedings, but this shall not be deemed or construed in any way as relieving, modifying, or extending the Borrower’s covenant to pay any such Imposition at the time and in the manner provided in this Section 4.9, unless the Borrower has given prior written notice to the Trustee of the Borrower’s intent to so contest or object to an Imposition, and unless, at the Trustee’s sole option, (i) the Borrower shall demonstrate to the Trustee’s satisfaction that the legal proceedings shall conclusively operate to prevent the sale of the Project, or any part thereof, to satisfy such Imposition prior to final determination of such proceedings; (ii) the Borrower shall furnish a good and sufficient bond or surety as requested by and satisfactory to the Trustee; or (iii) the Borrower shall have provided a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of such proceedings.

(c) The Borrower agrees to cause all bills, statements or other documents relating to Impositions to be sent or mailed directly to the Trustee. Upon receipt of such bills, statements or other documents, and provided there are sufficient funds on account in the Insurance and Tax Escrow Fund, the Trustee shall, so long as no Event of Default

has occurred, pay such amounts as may be due thereunder out of the Insurance and Tax Escrow Fund, and if necessary, the Surplus Fund. If any time and for any reason the funds so deposited are or will be insufficient to pay such amounts as may then or subsequently be due, the Trustee shall notify the Borrower, and the Borrower shall immediately deposit an amount equal to such deficiency with, or as directed by, the Trustee. If the Borrower fails to deposit sums sufficient to fully pay such Impositions at least 30 days before delinquency thereof, the Trustee may, at the Trustee's election, but without any obligation to do so, advance any amounts required to make up the deficiency, which advances, if any, shall be secured by the Mortgages and shall be repayable to the Trustee as herein elsewhere provided.

(d) The Borrower covenants and agrees not to suffer, permit or initiate the joint assessment of the real and personal property or any other procedure whereby the lien of the real property taxes and the lien of the personal property taxes shall be assessed, levied or charged to the related Project as a single lien.

Section 4.10 Utilities.

The Borrower shall pay, or cause to be paid, when due, all utility charges which are incurred for the benefit of the Project or which may become a charge or lien against the Project for gas, electricity, water or sewer services furnished to the Project and all other taxes, assessments or charges of a similar nature, whether public or private, affecting the Project or any portion thereof, whether or not such taxes, assessments or charges are liens thereon.

Section 4.11 Hazardous Waste Covenant.

In addition to and without limitation of all other representations, warranties and covenants made by the Borrower under this Loan Agreement, the Borrower further represents, warrants and covenants that the Borrower will not use Hazardous Substances on, from or affecting the Project in any manner which violates Environmental Laws. Without limiting the foregoing, the Borrower shall not cause or permit the Project or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose of, transfer, produce or process Hazardous Substances, except in compliance with all Environmental Laws, nor shall the Borrower cause or knowingly permit, as a result of any intentional act or omission on the part of the Borrower or any tenant or subtenant, a release of Hazardous Substances onto the Project. The Borrower shall comply with and require compliance by all tenants and subtenants with all Environmental Laws and shall obtain and comply with, and require that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The Borrower shall conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other action required by a governmental authority under any applicable Environmental Law to clean up and remove all Hazardous Substances on, from or affecting the Project in accordance with all applicable federal, state and local laws, ordinances, rules and regulations. The Borrower shall defend, indemnify and hold harmless the Issuer, the Placement Agent, and the Trustee from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (a) the presence, disposal, release or threatened release of any Hazardous Substances which are on or from the

Project which affect the soil, water, vegetation, buildings, personal property, persons, animals or otherwise, (b) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Substances on or from the Project, and/or (c) any violation of laws, orders, regulations, requirements or demands of government authorities, or written requirements of the Issuer and the Trustee, which are based upon or in any way related to such Hazardous Substances, including, without limitation, reasonable attorney and consultant fees, investigation and laboratory fees, court costs and litigation expenses. In the event any Project is foreclosed upon, or a deed in lieu of foreclosure is tendered, the Borrower shall deliver the Project in a manner and condition that shall conform with all applicable federal, state and local laws, ordinances, rules or regulations affecting the Project. The provisions of this paragraph shall be in addition to, and not in limitation of, any and all other obligations and liabilities the Borrower may have to the Issuer, the Placement Agent and the Trustee at common law or under the Bond Documents (including, without limitation, indemnification under Section 6.4 of this Loan Agreement), and shall survive the termination of this Loan Agreement and defeasance of the Bonds.

The indemnifications and protections set forth in this Section shall be extended to any of the respective directors, officers, employees, agents and persons under the control or supervision of the Issuer, the Trustee and the Placement Agent, respectively.

Anything to the contrary in this Loan Agreement notwithstanding, the covenants of the Borrower contained in this Section shall remain in full force and effect after the termination of this Loan Agreement and the defeasance of the Bonds until the later of (a) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (b) payment in full or the satisfaction of such claim or cause of action and of all expense and charges incurred by the Issuer, the Placement Agent or the Trustee relating to the enforcement of the provisions herein specified.

For the purposes of this Section, the Borrower shall not be deemed an employee, agent or servant of the Issuer or person under the Issuer's control or supervision.

Section 4.12 Needs Assessment Analysis.

The Borrower will contract for a Needs Assessment Analysis to be prepared with respect to each Project every 5 years from the date of this Loan Agreement and then will submit copies of the report to the Trustee. The Needs Assessment Analysis must be conducted and prepared by a consulting engineer that, in the objective and reasonable opinion of the Borrower, is experienced in conducting needs assessment analysis for multifamily residential rental projects. Each Needs Assessment Analysis shall identify the major maintenance requirements (including the replacement of machinery and appliances), for the next 5 years and the estimated costs thereof and include recommendations for any adjustments to (a) the monthly amount to be deposited to the Repair and Replacement Fund and (b) the Replacement Reserve Requirement. The Borrower shall revise the Replacement Reserve Requirement (and advise the Trustee in writing of the revised Replacement Reserve Requirement) based on the recommendation of the consulting engineer and the Borrower shall promptly implement any recommendations contained in each Needs Assessment Analysis to the maximum extent practicable.

Section 4.13 Replacement of Manager.

Upon the occurrence and during the continuance of any Event of Default or a Default, the Controlling Holders may direct the Borrower to replace the then existing Manager by written notice given to the Trustee and the Borrower. Upon receipt of such notice, the Borrower shall terminate the existing Manager and appoint a successor Manager in accordance with Section 4.14 hereof.

Section 4.14 Appointment of Successor Manager.

(a) If at any time Borrower appoints an independent management company or any successor thereto to manage all or a substantial portion of the Project (a “Successor Manager”), the Borrower will obtain the prior consent of the Controlling Holders to such Successor Manager as set forth in Section 4.14(b) below.

(b) Prior to engaging a Successor Manager as required under the provisions of this Loan Agreement, the Borrower will notify the Trustee in writing of such proposed engagement. The Trustee shall, as soon as practicable but in no case longer than five Business Days after receipt of notice, notify the Holders of all Bonds Outstanding under the Indenture of such proposed engagement. Such notice (which shall be provided by the Borrower Representative) shall (i) include the name of the proposed Successor Manager, (ii) state the reason that the Successor Manager is being engaged, (iii) state the date of a conference call, to be held no later than five Business Days thereafter, between the Borrower Representative and the Holders wherein the Borrower Representative shall describe the process that was undertaken for the selection of the proposed Successor Manager and the reasons for the recommendation of that particular Successor Manager and (iv) solicit the consent of each Holder to the engagement of the proposed Successor Manager, which consents shall be delivered to the Trustee. If the Controlling Holders consent to such engagement, then the Borrower may engage such Successor Manager.

Section 4.15 HAP Contract.

(a) The Borrower agrees to (i) comply with the terms and provisions of the HAP Contract; (ii) allow all renewal options of the HAP Contract to go into effect automatically as provided therein and waive the right to cancel the HAP Contract to the extent necessary to keep the HAP Contract in force for the term of the HAP Contract; (iii) apply promptly for “Special Additional Adjustments” of “Contract Rents” under the HAP Contract to the extent that the Borrower incurs increased actual and necessary expenses of operating and maintaining the Project and is entitled to such adjustments; (iv) not consent to a modification or amendment of the HAP Contract (other than an amendment to increase rents) without the prior written approval of the Trustee (any such approval to be granted if such modification or amendment does not, in the judgment of the Trustee in reliance on an opinion of counsel, impair the security for the Bonds); (v) operate the units in the Project that are subject to the HAP Contract exclusively for Eligible Tenants, and in compliance with all HUD rules and regulations which are or may become applicable to the Project; and (vi) use its best efforts to keep the units in the Project which are covered by the HAP Contract occupied by Eligible Tenants in order to avoid any reduction in the HAP Payments under the HAP Contract. The Borrower further covenants that it

will take all actions necessary to maintain, assign and seek extensions of the HAP Contract including, but not limited to, any actions necessary to assign and assume the HAP Contract in the event of a voluntary or involuntary (e.g., trustee sale, foreclosure sale and deed in lieu of foreclosure) transfer of the Project. To this end, the Borrower agrees to assign and affirm in writing the HAP Contract in form satisfactory to HUD simultaneously with any such transfer and to immediately furnish to the Trustee a copy of such written assignment and assumption.

(b) The Borrower covenants to submit appropriate forms to the counterparty to the HAP Contract by the twentieth day of each month requesting HAP Payments pursuant to the HAP Contract for the next calendar month and the Trustee agrees to cooperate with the Borrower's requests in this regard. The Borrower will direct that such payments be made directly to the Trustee, and the Trustee will deposit such payments into the Revenue Fund. The Borrower will furnish a copy of each request to the Trustee at the time it is submitted.

(c) The Borrower covenants to seek all available renewal options under the terms of the HAP Contract.

(d) The Borrower represents and warrants that:

(i) The Borrower has no HUD enforcement actions outstanding (as defined by Section 516 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 ("MAHRA")).

(ii) Except as already disclosed to Placement Agent and Initial Bondholder, the Borrower will notify the Trustee of the results of any HUD REAC inspection within 10 days of receipt of results.

(iii) The Borrower will notify the Trustee of the results of annual OCAF (or budget based if used as a substitute) rent level adjustment within 10 days of receipt of rent level adjustments from HUD.

(iv) The Borrower will notify the Trustee of any HUD disciplinary enforcement actions against them not cured within 30 days.

(v) The Borrower will notify the Trustee upon the submission of an application for a HUD Section 8 Renewal contract or extension of the existing HAP Contract within 10 days of such submission.

(vi) The Borrower will notify the Trustee of the receipt of notices from HUD regarding the decision of HUD to renew or not to renew the HAP Contract within 10 days of such receipt.

[End of Article IV]

ARTICLE V

INSURANCE; DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS

Section 5.1 Required Insurance.

The Borrower shall procure and maintain continuously in effect during the term of this Loan Agreement policies of insurance with respect to the Project insuring against such hazards and risks and in such amounts as are customary for a prudent owner of properties comparable to those comprising the Project. Without limiting the generality of the foregoing, the Borrower shall maintain the following insurance with one or more reputable insurance companies meeting the requirements set forth in section 5.2 hereof with respect to each Project:

(a) insurance against loss or damage to the Project by fire and any of the risks covered by insurance of the type now known as “fire and extended coverage” in an aggregate amount not less than the greater of (i) the full replacement cost of the Project and or (ii) the outstanding principal amount of the Bonds, and with a deductible from the loss payable for any casualty; the policies of insurance carried in accordance with this paragraph (a) shall contain the “Replacement Cost Endorsement;”

(b) business interruption or loss of rent insurance in an aggregate amount equal to the greater of: (i) an amount equal to the maximum scheduled principal and interest payments on the Note during any twelve month period, or (ii) the aggregate gross amount of annual income projected (or, if greater, actual) for the Project based upon the projected (or, if greater, actual) occupancy of the Project; provided that such coverage shall be adjusted annually on each anniversary date of the policies to comply with the provisions of this Section 5.1(b);

(c) comprehensive general liability insurance (including coverage for elevators and escalators, if any, on the Project and, if any construction of new improvements occurs after execution of this Loan Agreement, completed operations coverage for two years after construction of any improvements has been completed) on an “occurrence basis” against claims for “personal injury,” including, without limitation, bodily injury, death or property damage occurring on, in or about the Project and the adjoining streets, sidewalks and passageways, such insurance to afford immediate minimum protection to a limit in no event less than \$1,000,000 with respect to personal injury or death to any one or more persons or damage to property;

(d) Reserved;

(e) during the course of any construction or repair of the Project, builder’s completed value risk insurance against “all risks of physical loss” during construction or repair, with deductibles as are common in similar policies obtained by prudent owners of property similar in use to the Project and located in the same areas in which the Project are located, in non-reporting form, at the Borrower’s option covering the total value of work performed and equipment, supplies and materials furnished; such policies of

insurance shall contain the “permission to occupy upon completion of work or occupancy” endorsement;

(f) Reserved;

(g) flood insurance if a Project is in an area identified as a special flood hazard area pursuant to the Flood Disaster Protection Act of 1973, as amended, or other applicable law, unless a Project has been removed from the area by application, with such insurance to be at least the amount available under the National Flood Insurance Act of 1968;

(h) Reserved; and

(i) such other insurance, in such amounts and against such hazards and risks, as is commonly obtained by prudent owners of property similar in use to the Project and located in the same area in which the Project is located, as determined by the Insurance Consultant.

All policies of insurance required by the terms of this Loan Agreement shall contain an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy, notwithstanding any act or negligence of the Borrower which might otherwise result in forfeiture of said insurance and the further agreement of the insurer waiving all rights of setoff, counterclaim or deductions against the Borrower.

Section 5.2 Delivery of Insurance Policies; Payment of Premiums.

All policies of insurance provided for in Section 5.1 shall be issued by companies licensed to do business in the state in which a Project is located. Such policies shall be at least in amounts as required by the provisions of this Loan Agreement. All policies of insurance shall name the Trustee as a named or an additional insured and shall have (i) attached thereto a lender’s loss payable endorsement for the benefit of the Trustee, which endorsement indicates that all insurance proceeds in excess of \$25,000 are payable directly to the Trustee and (ii) a clause in favor of the Trustee stating that there can be no changes, including modifications, amendments or cancellations, to the respective policy without 30 days written notice to the Trustee. The Borrower shall furnish the Trustee, on January 1 of each year, commencing January 1, 20__, a certificate stating that it is in compliance with Section 5.2. The Trustee makes no representation as to and shall have no responsibility for the sufficiency or accuracy of the insurance required by this article.

The Borrower shall not obtain (i) any umbrella or blanket liability or casualty insurance policy unless, in each case, the Trustee’s interest is included therein as provided in this Loan Agreement, or (ii) separate insurance concurrent in form or contributing in the event of loss with that required in Section 5.1 to be furnished by, or which may be reasonably required to be furnished by, the Borrower. Any blanket policy shall specifically allocate to the Project the amount of coverage from time to time required hereunder and shall otherwise provide the same protection as would separate policies insuring only the Project in compliance with the provisions of Section 5.1.

Prior to the expiration of each such policy, the Borrower shall furnish the Trustee with written evidence of the reissuance of the existing policy or the issuance of a new policy continuing insurance in force, as required by this Loan Agreement. All such policies shall contain a provision that such policies will not be canceled or materially amended in any manner, including without limitation, amended to reduce the scope or limits of coverage, without 20 days' prior written notice to the Trustee. In all cases, the Borrower shall immediately give notice to the Trustee of any notice received by the Borrower of any expiration, cancellation or modification of, or material reduction of coverage under, any such policy. The Borrower shall not consent to any material amendment to or the cancellation of any such policy.

In the event the Borrower fails to provide, maintain, keep in force or deliver and furnish to the Trustee the certificates of insurance required by this Loan Agreement or make the deposits required hereunder, the Trustee may, but is not required to do so, procure such insurance as provided for in Section 5.1, and the Borrower will immediately pay all premiums thereon promptly upon demand by the Trustee (to the extent such amounts are not paid from money in the Insurance and Tax Escrow Fund held under the Indenture), and, until such payment is made by the Borrower, the amount of all such premiums shall be secured by this Loan Agreement.

The Borrower shall deposit with the Trustee, in accordance with Sections 5.04 and 5.10 of the Indenture, amounts sufficient to pay when due estimated aggregate annual insurance premiums on all policies of insurance required by this Loan Agreement. Such amounts shall be disbursed as provided in the Indenture.

Upon occurrence of a Default, the Trustee shall apply, or cause to be applied, any sums or amounts received pursuant hereto, or as rents or income of the Project or otherwise required by Section 8.11 of the Indenture. The receipt, use or application of any such sums by the Trustee hereunder shall not be construed to affect any of the rights or powers of the Trustee under the terms of the Bond Documents or any of the obligations of the Borrower under the Bond Documents.

Section 5.3 Insurance Proceeds; Casualty and Condemnation.

(a) After the occurrence of any casualty or condemnation to the Project, or any part thereof, the Borrower shall give prompt written notice thereof to the Trustee and each insurer and promptly submit a claim to insurer for payment of insurance proceeds; the Borrower shall provide the Trustee with a copy of such claim.

(b) If, as a result of fire or other casualty, the Project, or any part thereof, is damaged or destroyed, or the Project, or any part thereof, shall be condemned or acquired for public use, and the Net Proceeds of Insurance Proceeds or Condemnation Awards received as a result of such event exceed \$100,000 per occurrence, the Borrower shall, within 30 days after receiving actual notice of such damage, destruction or condemnation and, after written notice to the Trustee elect to follow one of the two courses of action as set forth below:

(i) Alternative A: Repair and Restoration. If the Project (or portion thereof) can be repaired or restored to substantially the same condition as it existed prior to the event causing such damage or destruction, or the effect of the condemnation can be

relieved so that the status of the Project will be restored to substantially the same status as it existed prior to the event causing such condemnation, which repair or restoration in either case permits the Project's use in the manner contemplated by this Loan Agreement and for which the Project was originally constructed (the "Pre-Existing Condition"), then, subject to the satisfaction of the additional conditions set forth in the immediately following sentence, the Borrower may so repair and restore the Project (or portion thereof) and the Borrower shall deposit the Net Proceeds in the Project Fund, and upon receipt of instructions in writing from the Borrower, the Trustee shall, in accordance with the requirements of Section 5.4 hereof and Section 5.17 of the Indenture, apply the Net Proceeds to the payment or reimbursement of the costs of such Restoration as so instructed. Application of the Net Proceeds to the cost of Restoration of the Project shall be subject to the additional conditions that (i) no Event of Default then exists, (ii) the Net Proceeds together with all investment income earned or expected to be earned thereon and other proceeds deposited with the Trustee will be sufficient to restore the Project to its Pre-Existing Condition, (iii) the Borrower shall have received and approved, in its reasonable judgment, Restoration Plans (as defined below) with respect to the contemplated Restoration of the Project, together with a statement of an Independent architect that the Project can be restored to its Pre-Existing Condition in the time and for the cost specified in such plans and specifications and, in any event, not less than three years prior to the final maturity date of the Bonds, (iv) a Management Consultant shall have provided projections showing that the Project will meet the Coverage Test for each of the next three Fiscal Years after completion of Restoration of the Project, (v) the amounts available to it, including Insurance Proceeds, will be sufficient to pay the Debt Service Requirements on the Bonds during the period of restoration or repair of the Project and (vi) if more than 15% of any Project is damaged, destroyed or taken, the Borrower shall have furnished to the Trustee a guaranteed maximum or fixed price contract for the restoration or repair of the Project to the Pre-Existing Condition for an amount not in excess of the Insurance Proceeds together with all investment income earned or expected to be earned thereon (provided the Trustee shall have no obligation to review such contract and shall retain it solely as a repository for the holders of the Bonds). The Borrower may rely on the advice of architects, engineers, accountants, financial consultants, attorneys or other experts reasonably selected by it in the foregoing matters.

(ii) Alternative B: Prepayment of Basic Loan Payments; Redemption of Bonds. If Alternative A above is not available or chosen, the Borrower shall apply, or cause to be applied, the Net Proceeds of such Insurance Proceeds or Condemnation Awards to the redemption of a portion of the Bonds in accordance with Section 3.01 of the Indenture. The Borrower must choose Alternative B if (1) the casualty or condemnation occurs within one year before the final maturity of the Bonds, (2) the Restoration cannot be completed before the expiration of rental loss insurance or (3) the conditions set forth above for application of the Net Proceeds in accordance with Alternative A are not satisfied.

If such Net Proceeds are equal to or less than \$10,000 per occurrence, the Borrower shall use such funds to restore the Project, or any part thereof, without depositing them with the Trustee.

(c) Except as otherwise permitted pursuant to subsection (b) above, all Insurance Proceeds and Condemnation Awards with respect to the Project, or any part thereof, shall be paid to the Trustee, and each insurer is hereby authorized and directed to make payment for any such loss directly to the Trustee instead of payment to the Borrower. Any Insurance Proceeds and Condemnation Awards shall be applied as provided in this Section 5.3 and Section 5.17 of the Indenture. Damage or destruction of the Project, or any part thereof, shall not affect the lien of the Mortgages or the obligations of the Borrower hereunder, and the Trustee is authorized but shall not be obligated to compromise and settle all loss claims on said policies if not adjusted promptly by the Borrower.

(d) Notwithstanding the application of Insurance Proceeds or Condemnation Awards to the payment of a portion of the Note and corresponding redemption of the Bonds pursuant to the Indenture, any unpaid portion of the Basic Loan Payments shall remain in full force and effect, and the Borrower shall not be excused in the payment thereof. If any act or occurrence of any kind or nature on which insurance was not obtained or obtainable results in damage to or loss or destruction of the Project, or any part thereof, the Borrower shall give immediate notice thereof to the Trustee, and unless otherwise so instructed by the Trustee shall promptly, at the Borrower's sole cost and expense, whether or not the Insurance Proceeds or Condemnation Awards are adequate to cover such cost and expense, restore, repair, replace and rebuild the Project, or any part thereof, as nearly as possible to its value, condition and character immediately prior to such damage, loss or destruction, in accordance with plans and specifications, provided that such Restoration, repair, replacement and rebuilding is permitted by law.

(e) Except as provided below, nothing contained in this Loan Agreement shall be deemed to excuse the Borrower from repairing or maintaining the Project, as provided herein. The application or release by the Trustee of any Insurance Proceeds or Condemnation Awards shall not cure or waive any Default or notice of default under this Loan Agreement or invalidate any act done pursuant to such notice. If the Insurance Proceeds or Condemnation Awards are not applied to the Restoration of the Project, or any part thereof, the Borrower shall not be required to restore, rebuild, replace or repair the portion of the Project damaged or destroyed, and the failure to do so shall not constitute a Default under this Loan Agreement.

(f) The proceeds of any loss of rents insurance shall be deposited in the Revenue Fund under the Indenture and applied as therein provided.

Unless the Borrower exercises its option to apply the Insurance Proceeds or Condemnation Awards to the payment of the Bonds, which payment shall be made in accordance with the provisions of the Indenture, and so long as any Bonds shall be Outstanding and unpaid, and whether or not Insurance Proceeds or Condemnation Awards are sufficient or available therefor, the Borrower shall promptly commence and complete with all reasonable diligence the Restoration of the affected Project as nearly as possible to the same value and revenue producing capacity which existed immediately prior to such loss or damage in accordance with plans and specifications prepared by an Independent Architect and approved by HUD, so long as the related HAP Contract is in effect ("Restoration Plans"), and in compliance with all legal requirements. The Borrower shall pay all costs of such Restoration to the extent not paid from Net Proceeds of Insurance Proceeds or Condemnation Awards available therefor pursuant to this

Section 5.3. If such Restoration is not permitted by law, the Insurance Proceeds shall be applied to the payment of the Bonds.

Section 5.4 Disbursement of Insurance Proceeds and Condemnation Awards.

(a) All Net Proceeds of Insurance Proceeds and/or Condemnation Awards received by the Trustee, as provided in Section 5.3 hereof, shall be applied as provided in this Section.

(b) If no Default shall exist hereunder and if the Borrower has elected Restoration and such Restoration is permitted by law, all Net Proceeds shall be deposited in the Project Fund and disbursed in accordance with the provisions of Section 5.03 of the Indenture to pay or reimburse the Borrower for the payment of the costs, fees and expenses incurred for the Restoration of the Project as required under Section 5.3 hereof; provided that no distribution of Net Proceeds for Restoration shall be made until the Trustee shall have received the following:

(i) The Borrower's written plan for the Restoration Plans. Notwithstanding the foregoing, the Trustee has no duty to review such plan.

(ii) A certificate of the Borrower that the Project Revenues (including the proceeds of any loss of rent insurance and other funds irrevocably committed to the payment of such amounts) to be received during, and after completion of, the Restoration of the Project, or any part thereof, in accordance with the Restoration Plans, will be sufficient and available to make all payments and deposits when due hereunder, including without limitation to pay all principal, premium, if any, and interest on the Bonds when due, to make all required deposits into the Funds and Accounts required by Section 5.04 of the Indenture, to pay all other Operating Expenses of the Project, and to pay the debt service on any Indebtedness (other than the Bonds) then outstanding or to be incurred in connection with such Restoration. The Trustee has no obligation to ensure the sufficiency of Project Revenues to meet the obligation under this paragraph.

(iii) Construction schedules and budgets and independently verified estimates and other evidence (including, if required hereunder, stipulated sum or guaranteed maximum cost construction contracts) to establish the total amount of the costs, fees and expenses necessary to complete the Restoration of the Project in accordance with the approved Restoration Plans, and of the time period required to complete such Restoration. Notwithstanding the foregoing, the Trustee has no duty or obligation to review such schedules and budgets.

(iv) A certificate from an Independent Architect or contractor appointed by the Borrower upon which the Trustee may conclusively rely that the Net Proceeds available therefor together with funds deposited with the Trustee, or irrevocably committed by or on behalf of the Borrower, shall be sufficient to fully pay all costs, fees and expenses necessary for the Restoration of the Project in accordance with the approved Restoration Plans and all legal requirements, free and clear of all mechanic's liens and other liens or claims for lien which are not Permitted Encumbrances. Notwithstanding the foregoing, the Trustee has no duty or obligation to review such schedules and budgets.

(v) A waiver of any rights of subrogation from any insurer under any Insurance Policy which, at any time claims that no liability exists as to the Borrower or the owner or insured under such insurance policies.

(c) If, within 60 days after the receipt of such Net Proceeds, the Borrower shall fail to furnish sufficient funds and the other items required by paragraph (b) of this Section or if any other Default shall then exist or shall occur hereunder at any time (whether before or after the commencement of such Restoration) the Trustee may declare the entire principal balance of the Bonds or any portion thereof to be immediately due and payable and to avail itself of any and all remedies afforded hereunder upon a Default and whether or not the Bonds shall be so accelerated such Net Proceeds, or any portion thereof, then held by the Trustee or other depository hereunder may be applied as provided in the Indenture.

(d) No payment made prior to the final completion of the Restoration of the Project in accordance with the approved Restoration Plans shall exceed 90% of the value of the work performed from time to time, as such value shall be evidenced by an Independent Architect's or contractor's certificate to that effect, delivered to the Trustee, upon which the Trustee may conclusively rely; and at all times the undisbursed balance of such proceeds remaining in the hand of the Trustee or such other depository, together with funds deposited or irrevocably committed to the Trustee by or on behalf of the Borrower to pay the cost of such Restoration, shall be sufficient to pay the entire unpaid cost of the Restoration free and clear of all liens or claims for lien, other than any Permitted Encumbrances evidenced by an Independent Architect's or contractor's certificate to that effect, delivered to the Trustee, upon which the Trustee may conclusively rely.

(e) Any surplus which may remain out of such Net Proceeds after payment of all costs, fees and expenses (including expenses of the Trustee and its counsel, agents, experts or other consultants retained in connection with such Restoration) of such Restoration shall be applied to the redemption of Bonds as provided in Section 3.01 of the Indenture.

Section 5.5 Report of Insurance Consultant; Insurance Commercially Unavailable.

(a) The insurance required to be maintained pursuant to this Article V shall be subject to the annual review of the Insurance Consultant, and the Borrower agrees that it will follow any recommendations of the Insurance Consultant.

(b) In the event that any insurance required by Section 5.1 hereof is commercially unavailable at a reasonable cost, as determined by the Insurance Consultant, the Borrower, may provide such substitute coverage, if any, as is recommended by the Insurance Consultant at a reasonable cost. The Borrower shall make a continuing good faith effort to secure the insurance required by Section 5.1 hereof, and if the insurance becomes commercially available at a reasonable cost, the Borrower shall acquire such insurance upon expiration of the substitute insurance or as otherwise recommended by the Insurance Consultant.

Section 5.6 Obligation to Continue Payments.

If prior to full payment of the Bonds (or provision for payment thereof in accordance with the provisions of the Indenture) the Project or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty, or title to, or the temporary use of, the Project or any portion thereof shall be taken under the exercise of the power of eminent domain by any governmental body or any person, firm or corporation acting under governmental authority, the Borrower shall nevertheless be obligated to continue to pay the amounts specified in Section 3.2 hereof.

Section 5.7 Insufficiency of Net Proceeds.

If, in accordance with this Loan Agreement, the Borrower elects to repair, restore or replace the Project and the Net Proceeds are insufficient to pay in full the cost of any Restoration, the Borrower will nonetheless complete the work and will pay any cost in excess of the amount of the Net Proceeds held by the Trustee. The Borrower agrees that if by reason of any such insufficiency of the Net Proceeds, the Borrower shall make any payments pursuant to the provisions of this Section, the Borrower shall not be entitled to any reimbursement therefor from the Issuer, the Trustee, or the Holders, nor shall the Borrower be entitled to any diminution of the amounts payable under Section 3.2 hereof.

Section 5.8 Cooperation of Issuer and Trustee.

The Issuer (subject to Section 9.16 of this Loan Agreement) and the Trustee, as applicable, shall cooperate fully with the Borrower at the expense of the Borrower in filing any proof of loss with respect to any insurance policy covering the casualties described in Section 5.1 hereof and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Project or any part thereof or any property of the Borrower in connection with which the Project is used and will, to the extent it may lawfully do so, permit the Borrower to litigate in any proceeding resulting therefrom in the name and on behalf of the Trustee, as applicable. In no event will the Issuer or the Trustee voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim or any prospective or pending condemnation proceeding with respect to the Project or any part thereof without the written consent of the Borrower's Representative.

[End of Article V]

ARTICLE VI

OTHER AGREEMENTS

Section 6.1 Reserved.

Section 6.2 Assignment, Selling and Leasing.

Except as otherwise provided in the Mortgages or permitted under the Land Use Restriction Agreement, after the completion of the acquisition, renovation, furnishing and equipping of the Project as described in Section 4.1 hereof, this Loan Agreement may be assigned and the Project sold or leased (other than by reason of foreclosure or deed in lieu of foreclosure), as a whole, by the Borrower only as permitted by this Section 6.2 subject to each of the following conditions:

(a) The assignee, purchaser or lessee shall assume the obligations of the Borrower hereunder and under the other Borrower's Documents, in writing to the Trustee to the extent of the interest assigned or sold.

(b) The assignee, purchaser or lessee shall deliver to the Issuer and the Trustee, an opinion of Independent Counsel that the assumption described in paragraph (a) above is a valid and enforceable obligation of the assignee, purchaser or lessee.

(c) The Borrower shall, within 10 days after the delivery thereof, furnish or cause to be furnished to the Issuer and the Trustee a true and complete copy of each assignment, assumption of obligation, or contract of sale, as the case may be.

(d) The Borrower shall provide to the Issuer and the Trustee, a Favorable Opinion of Bond Counsel to the effect that such assignment, sale or lease does not adversely affect the exclusion from gross income of the recipients thereof of interest on the Tax-Exempt Bonds for federal income tax purposes.

(e) No Event of Default or Default with respect to the Bonds Outstanding after such assignment, sale or lease shall have occurred and be continuing hereunder or under any other Borrower Document, unless such Event of Default or Default is cured or waived in connection with such assignment, sale or lease, and the Borrower shall deliver a Compliance Certificate to that effect.

(f) The delivery to the Trustee of an opinion of Counsel to the effect the successor to the Borrower hereunder will remain (i) a 501(c)(3) organization or a limited liability company whose sole member is a 501(c)(3) organization; and (ii) is duly qualified to transact business the Commonwealth of Kentucky and obligated to maintain an agent in such state on whom service of process may be made in connection with any actions against the Borrower arising out of the Borrower's Documents.

(g) The Borrower shall have received the Controlling Holders' consent to such assignment, sale or lease; and

(h) The assignee, purchaser or lessee must deliver an opinion of Independent Counsel to the effect that, regardless of the assumption described above, a valid and enforceable first lien on and perfected security interest in the Project and other collateral securing the Bonds will remain and any such assignments and other documents executed for purposes of this Section 6.2 are valid delivered and enforceable obligations of such parties enforceable in accordance with their terms.

It is hereby expressly stipulated and agreed that any disposition of the Project by the Borrower in violation of this Section will be null, void and without effect, will cause a reversion of title to the transferor Borrower, and will be ineffective to relieve the Borrower of its obligations under this Loan Agreement, the Land Use Restriction Agreement and any other document, agreement or instrument evidencing or securing the Borrower's obligations thereunder. The Borrower will include, verbatim or by incorporation by reference, all requirements and restrictions contained in this Loan Agreement and the Land Use Restriction Agreement in any deed or other documents transferring any interest in the Project to any other person or entity to the end that such transferee has notice of and is bound by such restrictions, and will obtain the express written assumption of this Loan Agreement and the Land Use Restriction Agreement by any such transferee.

Section 6.3 Continued Existence.

The Borrower agrees that during the term of this Loan Agreement it will maintain its existence, will continue to be a limited liability company in good standing, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another legal entity or permit one or more other legal entities to consolidate with or merge into it; provided that the Borrower may, without violating the agreement contained in this Section, consolidate with or merge into another legal entity, or permit one or more legal entities to consolidate with or merge into it, or sell or otherwise transfer to another legal entity all or substantially all of its assets as an entirety and thereafter dissolve; provided (a) that a Favorable Opinion of Bond Counsel is provided regarding such acquisition, consolidation, merger or transfer; (b) that if the surviving, resulting or transferee legal entity, as the case may be, is not the Borrower, then such legal entity shall be a legal entity organized and existing under the laws of one of the states of the United States of America, shall be a 501(c)(3) organization or a limited liability company whose sole member is a 501(c)(3) organization shall be qualified to do business in the Commonwealth of Kentucky, shall be a single purpose entity whose only business operations shall be operation of the Project and whose only assets and liabilities shall be the Project (and assets and liabilities related thereto) and the Borrower's Documents and permitted debt hereunder, and shall assume in writing in form and substance satisfactory to the Issuer all of the obligations of the Borrower under this Loan Agreement and the other Borrower's Documents; (c) that in the opinion of Independent Counsel delivered to the Issuer and to the Trustee, this Loan Agreement shall be a valid and enforceable obligation of such surviving, resulting or transferee entity; (d) that no Event of Default has occurred and is continuing hereunder; (e) that prior to such acquisition, consolidation, merger or transfer, the Borrower shall furnish a Compliance Certificate to the Issuer and the Trustee; and (f) that the Trustee shall have consented to such transfer pursuant to the Land Use Restriction Agreement, unless such consent is not required pursuant to said document.

Section 6.4 Indemnification.

To the fullest extent permitted by law, the Borrower hereby fully, forever and irrevocably releases from, and agrees to indemnify, hold harmless and defend the Issuer, each Issuer Indemnified Person and the Trustee Indemnified Parties, (collectively, together with the Issuer and the Issuer Indemnified Persons, the “Indemnified Parties”), against any and all fees, costs and charges, losses, damages, claims, actions, liabilities and expenses of any conceivable nature, kind or character (including, without limitation, reasonable fees and expenses of attorneys, accountants, consultants and other experts, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under any statutory law or regulation (including federal or state securities laws and regulations and federal tax laws and regulations) or at common law or otherwise (collectively, “Liabilities”), arising out of or based upon or in any way relating to:

(a) the Bonds, the Indenture, this Loan Agreement, the Note or any other of the Borrower’s Documents or the Tax Agreement or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale or resale of the Bonds;

(b) the performance and observance by or on behalf of the Issuer or the Trustee of those things on the part of the Issuer or the Trustee agreed to be performed or observed hereunder and under the Indenture and the Tax Agreement and the other documents identified in Subsection (a) above;

(c) any act or omission of the Borrower or any of its affiliates or affiliated persons, agents, contractors, servants, employees, tenants or licensees in connection with the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof;

(d) any lien or charge upon payments by the Borrower to the Issuer or the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer or the Trustee in respect of any portion of the Project;

(e) any violation of any Environmental Laws with respect to, or the release of any Hazardous Substances from, the Project or any part thereof;

(f) the defeasance and/or redemption, in whole or in part, of the Bonds;

(g) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact relating to the Borrower or the Project contained in any offering or disclosure document or disclosure or continuing disclosure document for the Bonds or any of the documents relating to the Bonds, or any omission or alleged omission from any offering or disclosure document or disclosure or continuing disclosure document for the Bonds relating to the Borrower or the Project of any material

fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(h) any declaration of taxability of interest on the Tax-Exempt Bonds, or allegations that interest on the Tax-Exempt Bonds is taxable or any regulatory audit or inquiry regarding whether interest in the Tax-Exempt Bonds is taxable;

(i) the Trustee's acceptance or administration of the trust of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the Bond Documents;

(j) any injury to or death of any Person or damage to property in or upon the Project or growing out of or connected with the use, nonuse, condition or occupancy of the Project;

except (A) in the case of the foregoing indemnification of the Trustee Indemnified Parties, to the extent such damages are caused by the negligence or willful misconduct of such Trustee Indemnified Party; or (B) in the case of the foregoing indemnification of the Issuer and the Issuer Indemnified Persons, to the extent such damages are caused by the willful misconduct of the Person otherwise entitled to indemnification.

THE BORROWER EXPRESSLY ACKNOWLEDGES AND AGREES THAT THE ISSUER AND THE ISSUER INDEMNIFIED PERSONS SHALL BE RELEASED FROM, AND INDEMNIFIED HEREUNDER AGAINST, LIABILITIES ARISING FROM THE ISSUER'S OR ANY ISSUER INDEMNIFIED PERSON'S OWN NEGLIGENCE OF ANY KIND, DESCRIPTION OR DEGREE, OR BREACH OF CONTRACTUAL DUTY, WITHOUT REGARD TO OR THE NECESSITY OF ANY BREACH OR FAULT ON THE PART OF THE BORROWER, EXCEPT INsofar AS AND TO THE EXTENT THAT ANY SUCH LIABILITIES ARISE FROM THE WILLFUL MISCONDUCT OF THE PERSON SEEKING INDEMNIFICATION.

In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof. The Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

The rights of any Persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses shall survive the final payment or defeasance of the Bonds and in the case of the Trustee any resignation or removal. The provisions of this Section shall remain valid and in effect notwithstanding repayment of the loan hereunder or payment, redemption or defeasance of the Bonds or termination of this Loan Agreement or the Indenture.

Insofar as any other document or instrument issued or delivered in connection with the Bonds (including, without limitation, the documents referred to in Subsection (a) above) purports to constitute an undertaking by, or impose an obligation upon, the Borrower to provide indemnification to the Issuer or the Issuer Indemnified Persons, the indemnification provision or provisions of such document shall not be deemed, interpreted or construed in any way as a modification of or limitation upon the Borrower's obligations or the rights of the Issuer and the Issuer Indemnified Persons under this Section 6.4 and the provisions of this Section 6.4 shall in every respect supersede the indemnification provisions of any such other document and shall apply thereto as if fully set forth therein.

Section 6.5 Recording and Filing.

(a) At the time of the issuance of the Bonds, the Borrower will cause the filing of all financing statements necessary to perfect the security interest of the Trustee and the Issuer in the Borrower's Documents.

(b) The Trustee agrees that it will cause to be filed all necessary continuation statements within the time prescribed by the Uniform Commercial Code - Secured Transactions in the state(s) in which the Project or the Borrower is located in order to continue the financing statements in connection with the security interests identified in this Loan Agreement or the Indenture filed on or before the Closing Date. The Trustee shall have no duty to determine, at any time, whether the financing statements filed in connection with the security interests identified in this Loan Agreement or otherwise were or remain sufficient to perfect such security interests under applicable law.

(c) The Borrower will not suffer any liens to exist upon the Project as a result of any claims brought against the Borrower pursuant to a right or interest not existing in connection with or as permitted by this Loan Agreement or the Mortgages.

Section 6.6 Nonrecourse to Representatives of Issuer.

No Issuer Indemnified Person shall be individually or personally liable for the payment of any principal of, premium, if any, or interest on the Bonds or any costs incidental thereto or any sum hereunder or under the Indenture, or subject to any personal liability or accountability by reason of the execution and delivery of this Loan Agreement or the Indenture.

Section 6.7 Amendment of Borrower's Documents.

Neither the Issuer nor the Borrower shall amend, supplement, alter, modify or terminate any Borrower's Document, except as otherwise provided in such document, without the prior written consent of the Trustee, which may be given only as provided in Article XI of the

Indenture. Nothing in this Section shall prohibit any assignment or transfer otherwise permitted by Section 6.2 or 6.3.

Section 6.8 Financial Statements and Reports.

(a) The Borrower shall deliver or cause to be delivered to the Trustee and the Initial Holder, (i) on or before the 45th day after the end of each calendar quarter, current financial statements prepared on an accrual basis itemizing income and expenses from each Project and for the Project, on an aggregate basis, for the previous quarter, and (ii) within 180 days after the end of each Fiscal Year, Audited Financial Statements prepared on a consolidated basis, which shall include a balance sheet, income statement and a statement of sources and uses of funds for the preceding Fiscal Year both for each Project and on a consolidated basis for the Project and (iii) a certificate prepared by the Certified Public Accountants in substantially the form of *Exhibit C* reporting on said consolidated Audited Financial Statements setting forth (A) the calculation of the Debt Service Coverage Ratio for the Fiscal Year reflected in said Audited Financial Statements and (B) the Net Income Available for Debt Service, if any, for such Fiscal Year.

(b) The Audited Financial Statements submitted pursuant to paragraph (a) hereof shall be certified as true and correct by the party submitting such statement and shall be reported upon by a public accounting firm selected by the Borrower.

(c) The Borrower will deliver to the Issuer and the Trustee, within thirty days after the end of each Fiscal Year, a written statement signed by a Borrower's Representative stating, as to the signer thereof, that (i) a review of the activities of the Borrower during such year and of performance under this Loan Agreement has been made under its supervision, and (ii) to the knowledge of the Borrower's Representative, based on such review, the Borrower has fulfilled all of its obligations throughout such year in all material respects, or, if there has been a default in the fulfillment of any such obligation, specifying each such Default known to the Borrower's Representative and the nature and status thereof.

(d) The Borrower shall provide to any Holder of more than \$500,000 of the Bonds which identifies itself to the Borrower and provides the Borrower with its contact information, copies of any financial statements or other information described in paragraphs (a), and (c) of this Section 6.8. Upon the written request of the Trustee or any Holder of more than \$500,000 of the Bonds, the Borrower promptly and at its own expense shall obtain and furnish to the Trustee or such Holder any information which the Borrower may be entitled to request and receive under the Management Agreement or any other agreement or arrangement pertaining to the Project.

(e) The Borrower shall provide to the Trustee within fifteen (15) days of receipt, a copy of any Management Consultant's report prepared and delivered in accordance with Section 4.5 hereof otherwise provided for in the Bond Documents.

(f) The Trustee shall have no duty to review or analyze any documents delivered to it pursuant to this Section 6.8. The Trustee shall not be deemed to have notice of any information contained therein.

Section 6.9 Budget.

(a) On the Closing Date and on or before the first day of each December, the Borrower shall prepare a single Budget covering the Project of anticipated Project Revenues and Operating Expenses for such Fiscal Year, and shall submit a copy of such Budget to the Trustee. Such Budget shall show there to be sufficient income to achieve the Coverage Test provided for in Section 4.5 hereof. Such Budget shall also be prepared and presented to show the deposits required to be made pursuant to Section 5.04(b) of the Indenture.

(b) The Budget shall be prepared on a cash basis and should provide a proposed budget for such Fiscal Year in sufficient detail including income and expenses, deposits to the Repair and Replacement Fund and any other required funds and payments of principal of, premium (if any) and interest on the Bonds. The Budget shall report income on a 30-day lag period and shall not assume any prepayment on the Bonds. The Budget shall demonstrate sufficient cash flow to pay all required expenses, payments of scheduled interest, principal and premium (if any) on the Bonds and the funding of any reserves as required in the flow of funds in the Indenture prior to the release of any funds from the Surplus Fund. The Budget shall be certified in writing as true and correct by the Borrower's Representative.

(c) The Budget may be amended from time to time, by the Borrower, during the course of the Fiscal Year, and such amendments shall be certified and submitted in the same manner as the Budget. Aggregate increases in a new or amended Budget in the category of costs to be paid or reimbursed from the Revenue Fund shall not exceed 20% on an annual basis unless the Borrower's Representative provides to the Trustee a statement of a Certified Public Accountant or Management Consultant to the effect that the increase is reasonable under the circumstances.

(d) Notwithstanding the foregoing, the failure of the Borrower to maintain the Coverage Test or the Borrower to adopt a Budget showing that such ratios will be achieved, shall not constitute a Default hereunder except as set forth in Section 4.5 hereof.

(e) Each Budget shall include provision for payment by the Borrower of the costs, fees and expenses payable or incurred under this Loan Agreement and the Indenture including, without limitation, the costs of maintaining the insurance coverage required pursuant to Section 5.1 and all applicable ad valorem taxes (or payment in lieu of taxes), if any, assessed against the Project payable by the Borrower, and all Administration Expenses.

(f) The Trustee shall have no duty to independently investigate the compliance by the Borrower with the requirements of this Section and may conclusively rely upon the Budget provided to it.

Section 6.10 Notices of Certain Events.

The Borrower hereby covenants to notify the Issuer and the Trustee in writing of the occurrence of a Default known to them hereunder or any event which, with the passage of time or service of notice, or both, would constitute a Default hereunder, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto. Such notice shall be given promptly, and in no event less than 10 Business Days after the Borrower receives notice or knowledge of the occurrence of any such event. The

Borrower further agrees that it will, and will require the Manager to, give prompt written notice to the Trustee if Insurance Proceeds or Condemnation Awards are received with respect to the Project and are not used to repair or replace the Project, which notice shall state the amount of such proceeds or awards.

Section 6.11 Inspection of Project Books; Right of Access.

At any time during normal business hours upon not less than two Business Days' notice, the Trustee, the Issuer or any Holder of more than \$100,000 of the Bonds may have access to the Project and all books and records of the Borrower pertaining to the Project and shall be permitted to inspect the same, discuss the affairs of the Borrower and the Project with appropriate representatives of the Borrower, the Manager and the Borrower's outside accountants and shall be permitted to make copies of any of such records.

Section 6.12 Other Indebtedness. The Borrower shall not incur any Indebtedness with respect to the Project, other than the Loan and other debts permitted or anticipated herein as of the Closing Date relating to the Series 2022 Bonds, except that the Borrower is permitted to incur the following so long as no Default or Event of Default has occurred and is continuing:

- (a) Indebtedness incurred as a result of the issuance of Additional Bonds;
- (b) Trade debt incurred in the ordinary course of business that does not give rise to a lien or encumbrance on the Project; and
- (c) such Short-Term Indebtedness as the Borrower, in its judgment, deems expedient; provided that the aggregate amount of Short-Term Indebtedness outstanding at any time does not exceed ten percent (10%) of the total Operating Expenses of the Borrower for the preceding Fiscal Year.

Section 6.13 Advances By Trustee.

(a) In the event the Borrower shall fail to pay, or fail to cause to be paid (including payment from amounts held in the Insurance and Tax Escrow Fund for that purpose), any Impositions required to be paid by the provisions of Section 4.9, or maintain, or cause to be maintained, the full insurance coverage required by the provisions of Section 5.1, the Trustee, without prior notice to the Borrower, may (but shall be under no obligation to) pay such Impositions or obtain or maintain the required Insurance Policies, and pay the premium or premiums on the same.

(b) The Borrower shall notify the Trustee any time it is aware of any unsafe or dangerous condition existing at the Project. In the event that the Borrower, any tenant of the Project, or any other Person, shall permit any unsafe or dangerous condition to exist in the Project and the Trustee is notified by any party of such conditions, the Trustee may (but shall be under no obligation to) notify the Borrower in writing of such condition, and if the Borrower shall fail to correct such condition, or cause such condition to be corrected, within 30 calendar days after receipt of such notice, the Trustee may (but shall be under no obligation to) make the required correction, improvement, or repair.

(c) All amounts so advanced by any Person pursuant to subsection (a) or (b) of this Section shall be promptly reimbursed by the Borrower to the Person making the advance with interest at the Default Rate.

Section 6.14 Continuing Disclosure.

The Borrower and Dissemination Agent have entered into the Continuing Disclosure Agreement. While this Loan Agreement is in effect, the Borrower shall at all times remain party to the Continuing Disclosure Agreement, or if the Continuing Disclosure Agreement terminates, they shall enter into a similar agreement to provide for the dissemination of the financial statements and notices required by Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The Borrower agrees that while the Bonds are Outstanding, it will perform its obligations under the Continuing Disclosure Agreement. The Borrower shall cause copies of any filings and/or disclosures which are required to be made pursuant to the terms of the Continuing Disclosure Agreement to be delivered to the Dissemination Agent within five (5) Business Days of any such filing or disclosure. Notwithstanding any other provision of this Loan Agreement, failure of the Borrower to comply with the Continuing Disclosure Agreement shall not be a Default.

Section 6.15 Related Party Transactions.

The Borrower shall not enter into any transaction, including, without limitation, the purchase, sale, lease, or exchange of property or the rendering of any service, with any Affiliate except in the ordinary course of business and pursuant to the reasonable requirements of the Borrower's business and upon terms found by the Governing Body of the Sole Member to be fair and reasonable and no less favorable to the Borrower than would be obtained in a comparable arm's length transaction with a Person not an Affiliate.

Section 6.16 Purchase of Tax-Exempt Bonds.

Neither the Borrower nor any "related person" to the Borrower (within the meaning of Section 147(a)(2) of the Code), pursuant to any arrangement, formal or informal, will purchase any of the Tax-Exempt Bonds.

Section 6.17 Release of Certain Land and Subordination; Granting of Easements.

The parties hereto reserve the right at any time and from time to time to (a) effect the release and removal from the Mortgages of any part (or interest in such part) of the Mortgaged Property with respect to which the Borrower proposes to convey fee title to a public utility or public body in order that utility services or public services may be provided to the Project, or to effect the subordination of the lien of the Mortgages to rights granted to a public utility or public body in order that utility services or public services may be provided to the Project, (b) grant easements, licenses, rights of way (including the dedication of public highways), and other rights or privileges in the nature of easements with respect to any property included in the Project, free from the lien of the Mortgages, or (c) release existing easements, licenses, rights of way, and other rights or privileges with or without consideration; provided, that if at the time any such release, removal, or grant is made any of the Bonds are Outstanding and unpaid, the Borrower must deposit with the Trustee the following:

- (a) a copy of the such amendment as executed,
- (b) a resolution or action of the Governing Body of the Borrower (i) giving an adequate legal description of that portion of the Mortgaged Property to be released or subordinated, (ii) stating the purpose for which the Borrower desires the release or subordination, (iii) requesting such release or subordination, and (iv) approving an appropriate amendment to the Mortgages,
- (c) a certificate of the Borrower to the effect that the Borrower is not in default under any of the provisions of this Loan Agreement and that neither any building nor any other improvement constituting part of the Project is located on a portion of the Mortgaged Property with respect to which the release or subordination is to be granted, accompanied by a plat of survey of the Mortgaged Property certified by a registered surveyor depicting (i) the boundaries of the portion of the Mortgaged Property with respect to which the release or subordination is to be granted, (ii) all improvements located on the property surveyed and the relation of the improvements by distances to the boundaries of the portion of such property with respect to which the release or subordination is to be granted, and (iii) all easements and rights of way with recording data and instruments establishing the same,
- (d) a copy of the instrument conveying the title to or subordinating the lien of the Mortgages in favor of a public utility or public body, and
- (e) a certificate of an architect, dated not more than 60 days prior to the date of the release or subordination and stating that, in the opinion of the person signing such certificate, (i) the portion of the Mortgaged Property so proposed to be released or with respect to which the subordination is proposed or with respect to which an easement, license or right of way is proposed to be granted is necessary or desirable in order to obtain utility services or public services to benefit the Project and (ii) the release or subordination so proposed to be made will not impair the usefulness of the Project as multifamily housing facilities and will not destroy the means of ingress thereto and egress therefrom.

If such release or subordination relates to a part of the Mortgaged Property on which transportation or utility facilities are located, the Borrower will retain an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the Project as multifamily housing facilities. Any money consideration received in connection with the release of any portion of the Mortgaged Property or the subordination of the lien of the Mortgages pursuant to this Section 6.17 will be deposited in a Special Redemption Account of the Bond Fund and used to redeem Bonds pursuant to Section 3.02 of the Indenture on the earliest date Bonds can be redeemed at par.

If all of the conditions of this Section are met, the Trustee is authorized to release any such property from the lien of the Mortgages or subordinate such lien or execute and deliver any instrument, provided by or on behalf of the Borrower or the Issuer, necessary or appropriate to confirm and grant or release any such easement, license, right of way, or other right or privilege.

No release or conveyance effected under the provisions of this Section will entitle the Borrower to any abatement or diminution of the Loan Payments payable under Section 3.2 hereof.

[End of Article VI]

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.1 Defaults.

Each of the following shall constitute a “Default” or an “Event of Default” hereunder:

(a) Failure by the Borrower to pay any Basic Loan Payments, provided that failure to make a Basic Loan Payment shall not constitute a Default to the extent that the amounts on deposit in the Surplus Fund, the Bond Fund, the Repair and Replacement Fund, the Operating Fund and the Debt Service Reserve Fund are sufficient and available to pay principal, premium (if any) and interest due on the related Series of Bonds on the next Bond Payment Date.

(b) Failure by the Borrower to make, or cause to be made, any Additional Loan Payment or amounts required to be paid under Sections 4.3, 4.9, 4.10, 5.1, 5.2 and 6.13 hereof on or before the date due.

(c) Failure by the Borrower to meet the Coverage Test covenant if (a) the Borrower fails to engage a Management Consultant or (b) the Borrower fails to implement any of the Management Consultant’s reasonable recommendations, and to the extent consistent with the charitable mission of the Sole Member, as provided in this Loan Agreement.

(d) Failure by the Borrower to perform or observe any of its covenants or agreements contained in this Loan Agreement, the Tax Agreement, or any Land Use Restriction Agreement other than as specified in paragraphs (a) through (c) of this Section 7.1, and such failure shall continue for the period and after the notice specified in Section 7.2 hereof.

(e) The dissolution or liquidation of the Borrower or the Sole Member or the filing by the Borrower or the Sole Member of a voluntary petition in bankruptcy, or adjudication of the Borrower as a bankrupt, or assignment by the Borrower or the Sole Member for the benefit of its creditors or the entry by the Borrower or the Sole Member into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Borrower or the Sole Member in any proceeding instituted under the provisions of State law or the federal bankruptcy statute, as amended, or under any similar act which may hereafter be enacted. The term “dissolution or liquidation of the Borrower,” as used in this Section 7.1(e), shall not be construed to include the cessation of the existence of the Borrower resulting either from a merger or consolidation of the Borrower into or with another entity or a dissolution or liquidation of the Borrower following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting such actions contained in Section 6.3 hereof.

(f) The occurrence or continuance of a “default,” a “Default,” an “event of Default” or “Event of Default” under the Mortgages, the HAP Assignment, the Land Use Restriction Agreement, or any other Borrower’s Documents or the Indenture.

(g) If any of the Mortgages or other Borrower's Documents purporting to grant a lien on property or assets of the Borrower after delivery thereof shall for any reason (other than pursuant to the terms thereof or as a result of any action or inaction within the control of the Trustee) cease to create a valid lien on any assets or property purported to be covered thereby.

(h) An event shall have occurred that gives HUD the right to terminate any of the HAP Contract.

(i) If any of the Borrower's Documents ceases to be valid and binding upon the parties thereto other than if the document is terminated in accordance with its terms, or the Borrower that is a party thereto shall declare in writing that it no longer has any obligations thereunder.

(j) Failure by the Borrower to maintain a Debt Service Coverage Ratio equal to or greater than 1.00 to 1.00 for any Fiscal Year.

The provisions of paragraph (d) of this Section are subject to the following limitation: if by reason of Force Majeure, the Borrower is unable in whole or in part to carry out any of its agreements contained herein (other than its obligations contained in Article III hereof), the Borrower shall not be deemed in Default during the continuance of such inability, if, but only if such default is cured as provided in Section 7.2. The Borrower agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Borrower from carrying out its agreements, provided that, subject to the preceding sentence, the settlement of strikes and other industrial disturbances shall be entirely within the discretion of the Borrower and the Borrower shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Borrower unfavorable to the Borrower.

The Trustee shall not be deemed to have knowledge of any Default hereunder other than a Default under paragraph (a) or (b) hereof, unless a Responsible Officer of the Trustee shall have been specifically notified in writing of such Default by the Issuer, the Borrower or by the Holders of at least 25% of the Bond Obligation.

Section 7.2 Notice of Default: Opportunity to Cure.

Except as provided below, no default under Section 7.1(d) hereof shall constitute a Default hereunder until:

(a) The Trustee or the Issuer, by Mail, shall give notice to the Borrower of such default specifying the same; and

(b) The Borrower shall have had 30 days after receipt of such notice to correct the Default and shall not have corrected it or, if such Default cannot be corrected within 30 days, shall have failed to initiate and diligently pursue appropriate corrective action, provided, that in any event such Default must be remedied within 120 days after the date of occurrence thereof.

Section 7.3 Remedies.

Whenever any Default under Section 7.1 hereof shall have happened and be continuing, any or all of the following remedial steps shall be available:

(a) The Trustee may, and at the written request of the Controlling Holders of the Bonds shall, declare the outstanding principal balance and interest accrued on the Loan and all payments required to be made by the Borrower under Section 3.2 hereof with respect to the Bonds for the remainder of the term of this Loan Agreement to be immediately due and payable, whereupon the same shall become immediately due and payable. Upon any such acceleration of the Loan, the Bonds shall be subject to mandatory redemption as provided in Section 3.01(d) of the Indenture.

(b) The Trustee, for and on behalf of the Issuer, may, and with the consent of the Controlling Holders of the Bonds shall, take whatever action at law or in equity may appear necessary or desirable to collect the payments required to be made by the Borrower under Section 3.2 hereof then due and thereafter to become due, including, without limitation, pursuing remedies under the appropriate Mortgage and the remedies under Section 8.02 of the Indenture.

(c) The Issuer or the Trustee may take whatever action at law or in equity as may be necessary or desirable to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement.

The provisions of clause (a) of the preceding paragraph, however, are subject to the condition that if, at any time after the Loan shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, there shall have been deposited with the Trustee a sum sufficient to pay all the principal of the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal as provided herein, and the reasonable expenses of the Trustee, and any and all other Defaults known to the Trustee (other than in the payment of principal of and interest on the Loan due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Controlling Holders of the Bonds by written notice to the Issuer and to the Trustee, may, on behalf of the Holders of all the Bonds, rescind and annul such declaration and its consequences and waive such default; provided that no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

In case the Trustee or the Issuer shall have proceeded to enforce its rights under this Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Issuer, then, and in every such case, the Borrower, the Trustee and the Issuer shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Borrower, the Trustee and the Issuer shall continue as though no such action had been taken, subject to the results of any such proceedings or any settlement thereof.

The Borrower covenants that, in case a Default shall occur with respect to the payment of the Loan payable under Section 3.2(a) hereof, then, upon demand of the Trustee, the Borrower will pay to the Trustee the whole amount that then shall have become due and payable under said Section, with interest, to the extent permitted by law, on the amount then overdue at the Default Rate until such amount has been paid.

In case the Borrower shall fail forthwith to pay such amounts upon such demand, the Trustee shall be entitled and empowered to institute any action or proceeding at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Borrower and collect in the manner provided by law the money adjudged or decreed to be payable.

In case proceedings shall be pending for the bankruptcy or for the reorganization of the Borrower under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Borrower or in the case of any other similar judicial proceedings relative to the Borrower, or the creditors or property of the Borrower, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to this Loan Agreement and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Borrower, its creditors or its property, and to collect and receive any money or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Indenture after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for compensation and expenses, including expenses and fees of counsel incurred by it up to the date of such distribution.

Section 7.4 No Remedy Exclusive.

No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive of any other available remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article. Such rights and remedies as are given the Issuer hereunder shall also extend to the Trustee, and the Trustee and the Holders, subject to the provisions of the Indenture, shall be entitled to the benefit of all covenants and agreements herein contained.

Section 7.5 Attorney's Fees and Expenses.

If a Default hereunder occurs and if the Issuer or the Trustee, or the representative or agent of either, should employ attorneys or incur expenses for the enforcement of any obligation

or agreement of the Borrower contained herein or in the other Borrower's Documents, the Borrower on demand will pay to the Issuer or the Trustee, as the case may be, the reasonable fees of such attorneys and the reasonable expenses so incurred, including all costs of any and all investigations, proceedings and court appeals.

Section 7.6 No Additional Waiver Implied by One Waiver.

In the event any agreement contained in this Loan Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.7 Issuer's Rights Not Impaired.

Nothing in this Loan Agreement shall be deemed or construed to limit, impair or affect in any way, the Issuer's (or any Issuer Indemnified Person's) right to enforce the Unassigned Rights, regardless of whether there is then existing a Default (including, without limitation, a payment default), or any action based thereon or occasioned by a Default or alleged Default and regardless of any waiver or forbearance granted by the Trustee or any Holder in respect thereof. Any default or Default in respect of the Unassigned Rights may only be waived by the Issuer in writing.

[End of Article VII]

ARTICLE VIII

OPTIONS TO TERMINATE AGREEMENT

Section 8.1 Grant of Option to Terminate.

The Borrower shall have, and is hereby granted, the option to terminate this Loan Agreement at any time the Borrower declares it will cease to use the Project by reason of:

- (a) Reserved;
- (b) Reserved;
- (c) any changes in the Constitution of the Commonwealth of Kentucky or the Constitution of the United States or of legislative or administrative action (whether state, federal, or local), by which this Loan Agreement shall become void or unenforceable or impossible of performance in accordance with the intent and purposes hereof; or
- (d) at any time when the Initial Holder owns less than 75% of Outstanding Bonds, the determination that the continued operation of the Project would have a material adverse effect on the ability of the Borrower to meet the financial covenants set forth herein, as established by a report of a Management Consultant;
- (e) the Borrower may also prepay the Loan in whole or in part and terminate this Loan Agreement if the Loan is prepaid in whole and in amounts necessary to redeem the Bonds pursuant to Section 3.02 of the Indenture upon delivery of written notice by the Borrower's Representative to the Trustee delivered not less than 45 days prior the prepayment date.

Notwithstanding prepayment of the Loan or termination of this Loan Agreement, the Borrower shall not be relieved of any obligation hereunder or under any Bond Document in respect of indemnification under Section 6.4 (or any similar indemnification provision under any Bond Document) that by its terms survives payment or defeasance of the Bonds, as provided for in this Loan Agreement.

Section 8.2 Exercise of Option to Terminate.

To exercise such options, the Borrower shall, within 90 days following the event authorizing such termination, if any, give written notice to the Issuer and the Trustee, and shall specify therein the date of termination, which date shall be not less than 50 days nor more than 90 days from the date such notice is mailed, and shall make arrangements for the giving of the required notice of redemption of the relevant portion of the Bonds. In order to exercise such option, the Borrower shall pay, or cause to be paid, on or prior to the applicable redemption date, to the Trustee, an amount equal to the sum of the following:

- (a) An amount of money which, when added to the amounts then on deposit under the Indenture and available for such purpose will be sufficient to retire and redeem all the Outstanding Bonds called for redemption on the earliest possible redemption date

after notice as provided in the Indenture, including, without limitation, the principal amount thereof, all interest to accrue to said redemption date; plus

(b) An amount of money equal to the Ordinary Trustee's Fees and Expenses and Extraordinary Trustee's Fees and Expenses under the Indenture accrued and to accrue until such final payment and redemption of the Bonds, including fees and expenses related to such redemption; plus

(c) An amount of money equal to the Issuer Annual Fee under this Loan Agreement accrued and to accrue until such final payment and redemption of the Bonds.

(d) Any prepayment is conditioned upon: (1) deposit with the Trustee of Available Moneys in an amount equal to the principal, premium, if any, and interest on the Bonds to be redeemed; (2) the opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that such prepayment will not constitute a voidable preference in the event of the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against any Borrower or the Issuer or any affiliate of either under any applicable bankruptcy, insolvency, reorganization or similar law; (3) on the redemption date a certificate of the Borrower to the effect that there has not occurred at any time during or after the preceding 123-day period any filing by or against the Borrower under any bankruptcy act or similar law for the relief of debtors; (4) Reserved; and (5) a verification opinion or report by an accountant or nationally recognized law firm (which may be counsel to the Borrower) to the effect that the amounts paid by the Borrower are sufficient on the required date to pay amounts described in (a)-(c) above.

[End of Article VIII]

ARTICLE IX

MISCELLANEOUS

Section 9.1 Confidential Information.

The Borrower shall not be required to disclose, or to permit the Issuer, the Trustee or others to acquire access to, any trade secrets of the Borrower or any other processes, techniques or information reasonably deemed by the Borrower to be proprietary or confidential, except as may be appropriate under the state law for the prosecution or defense of any legal or equitable action arising hereunder or for the collection of a judgment or to insure compliance with the Bond Documents. The Borrower acknowledges that the Issuer is a governmental entity subject to the Kentucky Open Records Act and that any disclosure by the Borrower of information described in this Section 9.1 IS AT THE BORROWER'S SOLE RISK.

Section 9.2 Entire Agreement.

The Bond Documents together constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, between the Issuer and the Borrower with respect to the subject matter hereof.

Section 9.3 Notices.

All notices, certificates or other communications shall be sufficiently given and shall be deemed given on the second day following the date on which the same have been mailed by first class mail, postage prepaid, addressed as provided in the Indenture. A duplicate copy of each notice, certificate or other communication given hereunder by either the Issuer or the Borrower to the other shall also be given to the Trustee and the Manager.

Section 9.4 Assignments.

This Loan Agreement may not be assigned by either party without consent of the other except that the Issuer shall assign to the Trustee its rights under this Loan Agreement (except its Unassigned Rights) and the Borrower may assign its rights under this Loan Agreement as provided by Sections 6.2 and 6.3 hereof.

Section 9.5 Severability.

If any provision of this Loan Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 9.6 Execution of Counterparts.

This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.7 Rights of Trustee.

The Trustee shall have and be protected by all of the rights, powers, indemnities, privileges, immunities and other protections provided to the Trustee under the Indenture which are hereby incorporated herein by reference.

Section 9.8 Amendments, Changes and Modifications.

Subsequent to the issuance of Bonds and prior to their payment in full (or provision for payment thereof having been made in accordance with the provisions of the Indenture), this Loan Agreement may not be effectively amended, supplemented, modified, altered or terminated except by an instrument in writing signed by the parties hereto, and only as permitted in Section 6.7 hereof.

Section 9.9 Governing Law.

This Loan Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky. All claims of whatever character arising out of this Loan Agreement or under any statute or common law relating in any way, directly or indirectly, to the subject matter hereof or to the dealings between the Issuer and any other party hereto, if and to the extent that such claim potentially could or actually does involve the Issuer or any Issuer Indemnified Person, shall be brought in any state or federal court of competent jurisdiction located in Jefferson County, Kentucky. By executing and delivering this Loan Agreement, each party hereto irrevocably: (i) accepts generally and unconditionally the exclusive jurisdiction and venue of such courts; (ii) waives any defense of forum non conveniens; and (iii) agrees not to seek removal of such proceedings to any court or forum other than as specified above. The foregoing shall not be deemed or construed to constitute a waiver by the Issuer of any prior notice or procedural requirements applicable to actions or claims against or involving governmental units of the Commonwealth of Kentucky that may exist at the time of and in connection with such matter.

Section 9.10 Term of Agreement.

This Loan Agreement shall be in full force and effect from the date hereof until the later of (a) such time as all the Bonds shall have been fully paid or provision made for such payment pursuant to Article VII of the Indenture, or (b) such time as the Borrower has paid, or caused to be paid, all amounts payable hereunder.

Section 9.11 No Liability of Issuer Indemnified Persons.

No Issuer Indemnified Person shall be individually or personally liable for the payment of any principal, premium, if any, or interest on the Bonds or any costs incidental thereto or any sum hereunder or under the Indenture or be subject to any personal liability or accountability by reason of the execution and delivery of this Loan Agreement or the Indenture.

Notwithstanding any provision in this Loan Agreement to the contrary, it is specifically acknowledged and agreed that, to the extent of their rights hereunder (including without limitation, their rights to immunity, indemnification and lack of pecuniary liability) the Issuer

Indemnified Persons, and each of them, is a third-party beneficiary of this Loan Agreement entitled to enforce such rights in his, her, its or their own name(s).

Section 9.12 Receipt of and Compliance with Indenture.

The Borrower acknowledges that it has received an executed copy of the Indenture, and accept and agree to the provisions thereof, including, without limitation, the provisions of Section 9.04 of the Indenture with respect to compensation and indemnification of the Trustee, and agrees that it will take all such actions as are required or contemplated of them under the Indenture to preserve and protect the rights of the Trustee, the Issuer and of the Holders thereunder and that it will not take any action which would cause an Event of Default thereunder. It is agreed by the Borrower and the Issuer that all redemption of Bonds prior to maturity shall be effected as provided in the Indenture. The Borrower hereby agrees that its interest in the Mortgaged Property and its rights hereunder are subject to and subordinated to the interest and rights of the Trustee under the Indenture and acknowledges that the Trustee has entered into the Indenture in reliance upon the assignment to the Trustee of the Issuer's rights under this Loan Agreement and the Borrower's provision of indemnity. The Borrower covenants that it will perform all of the Issuer's obligations and covenants under the Indenture to the extent that they can be performed by the Borrower thereunder. The Borrower further agrees that it will reimburse the Issuer for any expenses incurred in the administration of any of the foregoing agreements and this Loan Agreement and will hold the Issuer harmless from any liabilities thereunder. The Borrower further covenants that it will perform all of the duties and obligations of the Borrower that are set forth in the Indenture.

Section 9.13 Usury; Total Interest.

This Loan Agreement is subject to the express condition, and it is agreed, that at no time shall Basic Loan Payments hereunder or under the other Bond Documents that are or are construed to be payments of interest on the unpaid principal amount of the Bonds reflect interest that is borne at a rate in excess of the maximum permitted by law. The Borrower shall not be obligated or required to pay, nor shall the Issuer be permitted to charge or collect, interest borne at a rate in excess of such maximum rate. If by the terms of this Loan Agreement or the other Bond Documents, the Borrower is required to make such payments reflecting interest borne at a rate in excess of such maximum rate, such payments shall be deemed to be reduced immediately and automatically to reflect such maximum rate. This Loan Agreement is also subject to the condition that amounts paid hereunder representing late payment or penalty charges or the like shall only be payable to the extent permitted by law.

Section 9.14 Survival.

(a) The rights of the Trustee to payment under this Loan Agreement shall survive the Trustee's resignation or removal, the discharge of this Loan Agreement and defeasance of the Bonds.

(b) Notwithstanding anything in this Loan Agreement or any of the Bond Documents to the contrary, the rights, protections, indemnities and immunities afforded to the Trustee

hereunder or under any of the Bond Documents shall survive the resignation or removal of the Trustee and the payment in full or defeasance of the Bonds.

(c) The provisions of this Loan Agreement and the Indenture and any other document in connection with the issuance of the Bonds to which the Issuer is a party concerning (i) the tax-exempt status of the Tax-Exempt Bonds (including, but not limited to provisions concerning rebate); (ii) the interpretation of this Loan Agreement; (iii) governing law, jurisdiction and venue; (iv) the Issuer's right to rely on written representations of others contained herein or in any other document or instrument issued or entered into in respect of the Bonds, regardless of whether the Issuer is a party thereto; (v) the indemnification rights and exculpation from liability of the Issuer and the Issuer Indemnified Persons; and (vi) any other provision of this Loan Agreement not described or enumerated above that expressly provides for its survival, shall survive and remain in full force and effect notwithstanding the payment or redemption in full, or defeasance of the Bonds, the discharge of the Indenture, and the termination or expiration of this Loan Agreement.

Section 9.15 Tax Agreement Controls.

In any matter relating to the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes, the terms and provisions of the Tax Agreement shall control in the event of any conflict between this Loan Agreement and the Tax Agreement.

Section 9.16 Issuer's Performance.

None of the provisions of this Loan Agreement shall require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless payable from the Trust Estate, or unless the Issuer shall first have been adequately indemnified to its satisfaction against the cost, expense, and liability which may be incurred thereby. The Issuer shall not be under any obligation hereunder to perform any administrative service with respect to the Bonds or the Project (including, without limitation, record keeping and legal services), it being understood that such services shall be performed or provided by the Trustee or the Borrower. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions expressly contained in this Loan Agreement, the Indenture, and any and every Bond executed, authenticated and delivered under the Indenture; *provided*, however, that the Issuer shall not be obligated to take any action or execute any instrument pursuant to any provision hereof unless and until it shall have (a) been requested to do so by the Borrower, the Controlling Holders of the Bonds or the Trustee; (b) received from the Person requesting such action or execution assurance satisfactory to the Issuer that the Issuer's reasonable expenses incurred or to be incurred in connection with taking such action or executing such instrument have been paid or will be paid or reimbursed to the Issuer; and (c) if applicable, received in a timely manner the instrument or document to be executed, in form and substance satisfactory to the Issuer. In complying with any provision herein or in the Indenture, including, but not limited to, any provision requiring the Issuer to "cause" another Person to take or omit any action, the Issuer shall be entitled to rely conclusively (and without independent investigation or verification) on (i) the faithful performance by the Trustee or the Borrower, as the case may be, of its respective obligations hereunder and under the Indenture and (ii) upon any written

certification or opinion furnished to the Issuer by the Trustee or the Borrower, as the case may be. In acting, or in refraining from acting, under this Loan Agreement or the Indenture, the Issuer may conclusively rely on the advice of its counsel. The Issuer shall not be required to take any action hereunder or under the Indenture that it reasonably believes to be unlawful or in contravention of this Loan Agreement or the Indenture.

Section 9.17 No Obligation to Enforce Assigned Rights.

Notwithstanding anything to the contrary in this Loan Agreement or the Indenture, the Issuer shall have no obligation to and instead the Trustee, in accordance with this Loan Agreement or the Indenture (as applicable), shall have the right, without further direction from or action by the Issuer, to take any and all steps, actions and proceedings, to enforce any or all rights of the Issuer under this Loan Agreement and the Indenture (other than Unassigned Rights), including, without limitation, the rights to enforce the remedies upon the occurrence and continuation of an Event of Default and the obligations of the Borrower under this Loan Agreement or the Indenture.

Section 9.18 Third Party Beneficiaries.

Notwithstanding the foregoing, it is specifically acknowledged and agreed that, to the extent of their rights hereunder (including, without limitation, their rights to immunity, indemnification and exculpation from pecuniary liability) each Issuer Indemnified Person and each Trustee Indemnified Party is a third-party beneficiary of this Loan Agreement and the Indenture entitled to enforce such rights in his, her, its or their own name.

Section 9.19 Patriot Act.

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a trust or other legal entity, the Trustee will ask for documentation to verify its formation and existence as a legal entity. The Trustee may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

Section 9.20 Security Advice Waiver.

The Borrower and Issuer acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Borrower and Issuer the right to receive brokerage confirmations for certain security transactions as they occur, the Borrower and Issuer specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Borrower and Issuer periodic each transaction statements that include detail for all investment transactions made by the Trustee.

[End of Article IX]

IN WITNESS WHEREOF, the parties hereto have executed this Loan Agreement under seal, all as of the day and year first above mentioned.

[Seal]

**LOUISVILLE/JEFFERSON COUNTY
METRO GOVERNMENT, KENTUCKY**

Attest:

Sonya Harward, Metro Council Clerk

By: _____
Greg Fischer, Mayor

Approved as to form and legality:

Michael J. O'Connell
Jefferson County Attorney

By: _____
Assistant Jefferson County Attorney

[Signature Page of *Vesta Derby Oaks Project* Loan Agreement]

PSG VESTA DERBY OAKS LLC, a
Delaware limited liability company

By: Patriot Services Group, Inc., a Florida not
for profit corporation, its Manager

By: _____
Shane Cormier, Authorized Signatory

[Signature Page of *Vesta Derby Oaks Project* Loan Agreement]

EXHIBIT A

DESCRIPTION OF THE PROJECT AND PROPERTY DESCRIPTION

EXHIBIT B-1

FORM OF REQUISITION FROM THE PROJECT FUND

Requisition No. _____ Date: _____

To: The Bank of New York Mellon Trust Company, National Association, as Trustee (the “Trustee”) under the Trust Indenture dated as of _____, 1 2022 (the “Indenture”), relating to Louisville/Jefferson County Metro Government Industrial Building Revenue Bonds (Vesta Derby Oaks Project), Series 2022A and Taxable Series 2022B (collectively, the “Bonds”)

Attention: Corporate Trust Department

The undersigned Borrower’s Representative designated pursuant to the terms of the aforesaid Indenture and a Loan Agreement of even date therewith (the “Loan Agreement”) relating to the Bonds identified above by and between PSG Vesta Derby Oaks LLC (the “Borrower”) and the Louisville/Jefferson County Metro Government hereby requests that there be paid from the Project Fund the sum set forth below, and in that connection with respect to the use of the proceeds of the Bonds, I HEREBY CERTIFY, as follow:

An obligation in each of the amounts set forth below has been incurred in connection with the acquisition, renovation, furnishing and equipping of the Project, constitutes a Cost of the Project, and such obligation or amount represents a capital cost of the Project and not a cost of issuance of the Bonds.

<u>Payee Name and Address</u>	<u>Purpose</u>	<u>Amount</u>
		\$
		\$
		\$
Total		

The Borrower hereby certifies that:

(1) the Project is free and clear of all liens and encumbrances except Permitted Encumbrances;

(2) all evidence, statements, and other writings required to be furnished under the terms of the Loan Agreement and the Indenture are true and omit no material fact, the omission of which may make them misleading;

(3) all money previously disbursed have been used solely to pay for Costs of the Project, and the Borrower has written evidence to support this item of warranty;

(4) none of the items for which payment is requested have formed the basis for any payment previously made from the Project Fund; and

(5) all bills for labor, materials, and fixtures used, or on hand and to be used, in the construction of the Project have been paid.

Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Indenture.

PSG VESTA DERBY OAKS LLC, a
Delaware limited liability company

By: Patriot Services Group, Inc., a Florida not
for profit corporation, its Manager

By: _____
Shane Cormier, Authorized Signatory

[Signature Page of *Vesta Derby Oaks Project* Disbursement Request for Project Fund]

EXHIBIT B-2

**FORM OF REQUISITION
FOR FUNDS OTHER THAN PROJECT FUND**

Requisition No. _____ Date: _____

To: The Bank of New York Mellon Trust Company, National Association, as Trustee (the "Trustee") under the Trust Indenture dated as of _____, 1 2022 (the "Indenture"), relating to Louisville/Jefferson County Metro Government Industrial Building Revenue Bonds (Vesta Derby Oaks Project), Series 2022A and Taxable Series 2022B (collectively, the "Bonds")

Attention: Trust Department

Pursuant to the terms of the aforesaid Indenture and a Loan Agreement (the "Loan Agreement") of even date therewith by and between PSG Vesta Derby Oaks LLC (the "Borrower") and the Louisville/Jefferson County Metro Government, each relating to the Bonds identified above, the undersigned Borrower's Representative hereby requests that the Trustee disburse moneys as specified below. The terms used in this Requisition shall have the meaning given to those terms in the Indenture.

<u>Account of the</u> <u>[SPECIFY FUND]</u>	<u>Payee</u> <u>Name and Address</u>	<u>Purpose</u>	<u>Amount</u>
			\$

		Total:	\$

The Borrower's Representative hereby certifies that:

(1) the moneys requisitioned hereby represent proper charges against the Fund specified in the chart above as permitted under Article 5 of the Indenture; and

(2) the moneys requisitioned hereby are not greater than those necessary to meet the obligations due and payable or to reimburse the applicable party for payment of costs, fees and/or expenses with respect to the Project, in each case in accordance with and as set forth under the Indenture.

[Signature Page to Follow]

PSG VESTA DERBY OAKS LLC, a
Delaware limited liability company

By: Patriot Services Group, Inc., a Florida not
for profit corporation, its Manager

By: _____
Shane Cormier, Authorized Signatory

[Signature Page of *Vesta Derby Oaks Project* Disbursement Request for Other Funds]

EXHIBIT B-3
FORM OF REQUISITION FOR OPERATIONS
AND MAINTENANCE RESERVE FUND

Requisition No. _____ Date: _____

To: The Bank of New York Mellon Trust Company, National Association, as Trustee (the “Trustee”) under the Trust Indenture dated as of _____, 1 2022 (the “Indenture”), relating to Louisville/Jefferson County Metro Government Industrial Building Revenue Bonds (Vesta Derby Oaks Project), Series 2022A and Taxable Series 2022B (collectively, the “Bonds”)

Attention: Trust Department

The undersigned Borrower’s Representative designated pursuant to the terms of the aforesaid Indenture and a Loan Agreement of even date therewith (the “Loan Agreement”) relating to the Bonds identified above by and between PSG Vesta Derby Oaks LLC (the “Borrower”) and the Louisville/Jefferson County Metro Government hereby requests that there be paid from the Operations and Maintenance Reserve Fund the sum set forth below, and in that connection with respect to the use of the proceeds of the Bonds, I HEREBY CERTIFY, as follow:

<u>Payee</u> <u>Name and Address</u>	<u>Purpose</u>	<u>Amount</u>
		\$
		\$
		\$
Total		

The Borrower hereby certifies that:

- (1)
 - (2) the Debt Service Coverage Ratio on the Bonds for Fiscal Year ending _____, _____, is at least [1.____ to 1];
 - (3) no Event of Default, or event with the passage of time or the giving of notice or both would constitute an Event of Default, is occurring or has occurred;
 - (4) the Debt Service Reserve Requirement and the Replacement Reserve Requirement are fully funded in accordance with the Indenture;
 - (5) it have delivered to the Trustee financial reports and certificates required under Section 6.8 of the Loan Agreement has occurred; and
 - (6) such request of funds does not exceed 25% of the then remaining amount within the Operations and Maintenance Reserve Fund (this shall not apply to the final disbursement from said fund).
- Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Indenture.

PSG VESTA DERBY OAKS LLC, a
Delaware limited liability company

By: Patriot Services Group, Inc., a Florida not
for profit corporation, its Manager

By: _____
Shane Cormier, Authorized Signatory

[Signature Page of *Vesta Derby Oaks Project* Disbursement Request for Operations and
Maintenance Reserve Funds]

EXHIBIT C

FORM OF RELEASE CERTIFICATE
for the Period Ended _____, 20__

\$ __,000,000

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
INDUSTRIAL BUILDING REVENUE BONDS
(VESTA DERBY OAKS PROJECT)**

Consisting of
\$ __,000,000 Series 2022A
\$ __,000,000 Taxable Series 2022B

I, _____, an authorized representative of the PSG Vesta Derby Oaks LLC (the "Borrower"), the Borrower for the above described Bonds (the "Bonds"), do hereby certify that (a) no Event of Default of which the Borrower has knowledge has occurred or is continuing, and (b) the Net Income Available for Debt Service and Debt Service Coverage Ratio calculations for the _____ for the twelve months ending _____, as set forth below, are true and correct. Terms used herein as defined terms have the meanings provided in the Trust Indenture dated as of _____, 1 2022 with regard to the Bonds.

Net Income Available for Debt Service

Divided by: Annual Debt Service:

Debt Service Coverage Ratio: _____

PSG VESTA DERBY OAKS LLC, a
Delaware limited liability company

By: Patriot Services Group, Inc., a Florida not
for profit corporation, its Manager

By: _____
Shane Cormier, Authorized Signatory

[Signature Page of *Vesta Derby Oaks Project* Release Certificate]

The undersigned _____, certifies that (a) it has reviewed the audited financial of the Borrower for the period ending _____, (b) the foregoing calculations of the Debt Service Coverage Ratios are correct, (c) the Net Income Available for Debt Service as of the last day of such Fiscal Year was _____ and (d) the percentage of Project Revenues paid to the Manager as fees under the Management Agreement with regard to such Fiscal Year was _____%.

**[INDEPENDENT CERTIFIED PUBLIC
ACCOUNTANT]**

By: _____

Name: _____

Title: _____

Dated:

EXHIBIT D

FORM OF MULTIFAMILY PROMISSORY NOTE

\$ __,000,000

_____, 2022

FOR VALUE RECEIVED, the Borrower executing this Note, and its successors and assigns (the “Borrower”), promises to pay to the Louisville/Jefferson County Metro Government (together with its successors and assigns, the “Issuer”), (1) the principal sum of \$ __,000,000 payable on December 1, 20 __, (2) the principal sum of \$ __,000,000 payable on December 1, 20 __, or such earlier dates as required in the Indenture or the Loan Agreement (as defined below), and interest accrued on the unpaid portion thereof, from the date hereof at the rate for each day of accrual equal to the rates of interest borne by the bonds of the Issuer designated as Industrial Building Revenue Bonds (Vesta Derby Oaks Project), Series 2022A (“Series 2022A Bonds”) and Taxable Series 2022B (“Series 2022B Bonds,” and together with the Series 2022A Bonds, the “Bonds”) at the time Outstanding (as defined in the Indenture) payable on the dates and computed as described in that certain Trust Indenture between The Bank of New York Mellon Trust Company, National Association, as trustee (the “Trustee”) and the Issuer, as issuer, dated as of _____, 1 2022 (the “Indenture”), and the Loan Agreement, relating to principal and interest on the Bonds, and (2) all other amounts specified in the Indenture and Loan Agreement at the times described in the Indenture and Loan Agreement.

This Note and the payments required to be made hereunder have been irrevocably assigned, without recourse, to the Trustee under the Indenture and such payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment. All the terms, conditions and provisions of the Indenture, the Loan Agreement and the Bonds are hereby incorporated as a part of this Note.

The principal hereof (and premium, if any) and the interest hereon shall be payable at the designated corporate trust office of the Trustee. All such payments shall be in immediately available funds or in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

If the specified date for any such payment shall be a day other than a Business Day (as defined in the Indenture), then such payment may be made on the next succeeding day which is a Business Day without additional interest and with the same force and effect as if made on the specified date for such payment.

All sums due hereon shall be payable at the opening of business of the designated corporate trust office of the Trustee on the date such payments become due.

This Note is executed and delivered by the Borrower pursuant to the Loan Agreement, dated as of _____, 1 2022 (the “Loan Agreement”), among the Issuer and the Borrower relating to the Bonds, to evidence a loan by the Issuer to the Borrower thereunder from proceeds of the Bonds. To the extent that any provision of this Note contradicts or is inconsistent with the provisions of the Loan Agreement, the provisions of the Loan Agreement shall control and supersede the contradictory or inconsistent provision herein.

The Borrower shall prepay the outstanding principal sum hereof, as a whole or in part, in the same amount and on the same dates, and with the same premiums, if any, as Bonds called for redemption prior to their maturity in accordance with the provisions of the Indenture. Presentation, demand, protest and notice of dishonor are hereby expressly waived by the Borrower.

This Note is also secured by the Mortgages (as defined in the Indenture).

If an Event of Default or Default, as defined in the Indenture or the Loan Agreement, shall occur, the principal hereof and accrued interest hereon may, at the option of the holder hereof, be declared due and payable in the manner and with the effect provided in the Indenture or the Loan Agreement.

This Note is a contract made under and shall be construed in accordance with and governed by the laws of the Commonwealth of Kentucky.

[Signature Page to Follow]

PSG VESTA DERBY OAKS LLC, a
Delaware limited liability company

By: Patriot Services Group, Inc., a Florida not
for profit corporation, its Manager

By: _____
Shane Cormier, Authorized Signatory

[Signature Page of *Vesta Derby Oaks Project* Multifamily Promissory Note]

ENDORSEMENT

FOR VALUE RECEIVED, the Louisville/Jefferson County Metro Government (the “Issuer”) hereby irrevocably assigns and transfers the foregoing Note, without recourse or warranty, except warranty of good title and warranty that the Issuer has not assigned the foregoing Note to a person other than the hereinafter defined Trustee, to the order of The Bank of New York Mellon Trust Company, National Association (the “Trustee”), Jacksonville, Florida, trustee under a Trust Indenture, dated as of _____, 1 2022, between the Issuer and the Trustee. The Issuer hereby directs the maker of the Note, to make all payments with respect to principal of, premium, if any, and interest on the Note and all other payments required thereby directly to the order of the Trustee for the account of the Issuer at the Trustee’s corporate trust office in Jacksonville, Florida, or such other place as the Trustee, or its successor in trust, may designate in writing.

Dated and executed on _____, 2022.

[Seal]

**LOUISVILLE/JEFFERSON COUNTY
METRO GOVERNMENT, KENTUCKY**

Attest:

Sonya Harward, Metro Council Clerk

By: _____
Greg Fischer, Mayor

Approved as to form and legality:

Michael J. O'Connell
Jefferson County Attorney

By: _____
Assistant Jefferson County Attorney

[Endorsement of *Vesta Derby Oaks Project* Multifamily Promissory Note]

ACKNOWLEDGMENT OF ASSIGNMENT

The undersigned hereby acknowledges and agrees to the aforesaid assignment of the Note by the Louisville/Jefferson County Metro Government to The Bank of New York Mellon Trust Company, National Association, as trustee.

Dated this ____ day of _____, 2022.

[Signatures on following page]

PSG VESTA DERBY OAKS LLC, a
Delaware limited liability company

By: Patriot Services Group, Inc., a Florida not
for profit corporation, its Manager

By: _____
Shane Cormier, Authorized Signatory

[Signature Page of *Vesta Derby Oaks Project* Acknowledgment of Assignment of Multifamily
Promissory Note]

EXHIBIT E

FORM OF DISBURSEMENT REQUEST FOR OPERATING EXPENSES

Requisition No. _____ Date: _____

To: The Bank of New York Mellon Trust Company, National Association, as Trustee (the “Trustee”) under the Trust Indenture dated as of _____, 1 2022 (the “Indenture”), relating to Louisville/Jefferson County Metro Government Industrial Building Revenue Bonds (Vesta Derby Oaks Project), Series 2022A and Taxable Series 2022B (collectively, the “Bonds”)

Attention: Corporate Trust Department

The undersigned Borrower’s Representative designated pursuant to the terms of the aforesaid Indenture and a Loan Agreement of even date therewith (the “Loan Agreement”) relating to the Bonds identified above by and between PSG Vesta Derby Oaks LLC (the “Borrower”) and the Louisville/Jefferson County Metro Government hereby requests that there be paid from the Operating Fund the sum set forth below, and in that connection, I HEREBY CERTIFY, as follow:

An obligation in each of the amounts set forth below has been incurred in connection with respect to the Project and constitutes an Operating Expense.

<u>Payee Name and Address</u>	<u>Purpose</u>	<u>Amount</u>
		\$
		\$
		\$

Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Indenture.

[Signatures on following page]

PSG VESTA DERBY OAKS LLC, a
Delaware limited liability company

By: Patriot Services Group, Inc., a Florida not
for profit corporation, its Manager

By: _____
Shane Cormier, Authorized Signatory

[Signature Page of *Vesta Derby Oaks Project* Disbursement Request for Operating Expenses]

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