SUBCONTRACT FOR MANAGEMENT SERVICES

Clarksdale Rental Phase III

This Subcontract for Management Services (this "Subcontract") is made as of this 20th day of September, 2007, by and between CT ASSOCIATES, INC., a Maryland corporation ("CT" or "Agent"), and the LOUISVILLE METRO HOUSING AUTHORITY ("LMHA" or "Subcontractor"), a body corporate and politic, organized and existing under the laws of the Commonwealth of Kentucky and consented to by CLARKSDALE RENTAL III LIMITED PARTNERSHIP, a Kentucky limited partnership ("Owner").

Background

CT entered into a certain Management Agreement dated on or about the date hereof with the Owner (the "Management Agreement"). The Management Agreement provides for Agent to provide certain services in connection with the Owner's management of a proposed mixed-income community known as Clarksdale Rental Phase III, consisting of approximately 164 rental dwelling units, referred to herein as the "Development."

A portion of the Development will be set aside as "public housing" as defined in Section 3(b) of the United States Housing Act of 1937 ("Public Housing Units"). The parties further intend that these Public Housing Units will be occupied by households with incomes at various percentages of area median. Agent further intends that a portion of the units of the Development, including the Public Housing Units, will be operated and maintained as qualified low-income units under Section 42 of the Internal Revenue Code of 1986, as amended, for a period of not less than the compliance period and any extended use period (as such terms are defined in Section 42). Other units will be operated as market-rate units.

Agent has requested that LMHA, which has substantial experience in the management of public housing, provide certain services to Agent in connection with the Development, and LMHA has agreed to provide such services to Agent, as further set forth in this Subcontract.

Agreement

NOW, THEREFORE, for good and valuable consideration and intending to be legally bound, the parties agree as follows:

1. **Defined Terms.** Except as expressly otherwise defined herein, terms in this Subcontract with initial capital letters shall have the meaning set forth in the Management Agreement.

2. **Services Provided.** Subcontractor shall cause to be provided, to the Agent, services with respect to the management of the Development, such services to include, but not be limited to:

(a) Advising the Agent with respect to the management of the Development;

(b) Identifying, screening and preparing potential residents of the Development in accordance with the Admissions and Continuing Occupancy Policy for the Development;

(c) Advising Agent on documents, policies and procedures in connection with the management of the Development; and

(e) Administrative oversight of the management of the Development in accordance with the requirements of HUD.

3. **Level of Service.** Subcontractor shall use best efforts at all times in furnishing or performing such services to promote and advance the best interests of the Agent to the end that the Development shall be managed and maintained, to the extent practicable, in an economical and efficient manner. In providing services hereunder, Subcontractor shall not be deemed insurer of the results of the Agent, and its obligations hereunder shall be limited to the performing of such services in good faith and in a diligent manner.

4. **Independent Contractor; Third Party Contractors.** The Subcontractor shall at all times be an independent contractor and not an employee of the Agent. The Agent and Subcontractor agree that it may be appropriate from time to time for Subcontractor to employ certain other consultants.

5. **Termination.** This Subcontract shall terminate upon the termination of Management Agreement (the "Termination Date"). In the event of termination, however, the Agent shall remain liable to the Subcontractor for any accrued fee due to the Subcontractor which remain unpaid on the date of termination, only to the extent that Agent has received payment of same from Owner.

6. **Fees .** For the services of Subcontractor with respect to the development of the Development, the Agent shall pay to Subcontractor a Subcontractor's Fee (the "Subcontractor's Fee"), equal to 20% of the management fee due to Agent pursuant to Section 27 of the Management Agreement. Within five (5) days after receipt by Agent of any

management fee payment, Agent shall pay to Subcontractor the Subcontractor's Fee. In no event shall Agent be required to pay any amounts to Subcontractor hereunder unless and until it actually receives payment of same from Owner pursuant to the Management Agreement. Should HUD determine that Agent's management fee is excessive pursuant to Section 27 b. of the Management Agreement, which requires a refund of any excessive fees collected to the Operating Account, Subcontractor shall immediately refund to Agent its proportional share of the excessive fees collected.

7. **Miscellaneous.**

(a) Nothing herein contained shall be construed to constitute any party as the agent of another party, except as provided herein, or in any manner to limit the parties in the carrying on of their own respective business or activities.

(b) All notices provided for herein shall be in writing and transmitted by registered or certified mail postage prepaid, by prepaid courier delivery, or by telecopier to each party at its address as shown on this Subcontract, or as changed by notice given to each party. Each party shall be responsible for notifying the other parties of any changes in its address.

(c) It is the intent of the parties that all questions with respect to the construction of this Subcontract and the rights and liabilities of the parties shall be determined in accordance with the provisions of the laws of the Commonwealth of Kentucky.

(d) In the event that the parties are unable to agree on any material decision affecting the affairs contemplated in this Subcontract, any party may notify the other parties that unless the issue is resolved within three business days from sending such notice, the matter will be referred to the American Arbitration Association. If the issue is not timely resolved following such notice, any party may refer the matter to arbitration as provided above, which arbitration shall be completed and a decision rendered within thirty days unless the parties mutually agree to a later date or unless the circumstances warrant a reduced period and the arbitrator so finds. The decision of the arbitrator shall be final, binding and conclusive judgment on the parties and the cost of arbitration shall be borne solely by the party(s) not prevailing in such arbitration.

(e) This Subcontract shall be assignable by any party only with the written consent of the other party.

(f) This Subcontract contains the entire understanding between and among the parties and supersedes any prior understandings and agreements among them respecting the subject matter of this Subcontract. This Subcontract shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto. Nothing herein shall

be construed to be for the benefit of any third party, nor is it intended that any provision shall be for the benefit of any third party.

(g) This Subcontract may be amended only by written instrument executed by all the parties hereto.

8. Counterparts. This Subcontract may be signed in any number of counterparts, each of which shall be an original for all purposes, but all of which taken together shall constitute only one agreement. The production of any executed counterpart of this Subcontract shall be sufficient for all purposes, without producing or accounting for any other counterpart thereof.

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IN WITNESS WHEREOF, the parties hereto have executed this Subcontract as of the date first above written, and Owner has signed below to indicate its consent to the foregoing arrangements pursuant to the Management Agreement.

AGENT:

CT ASSOCIATES, INC.

By: _____
Name: CHARLES TINI
Title: President

SUBCONTRACTOR:

LOUISVILLE METRO HOUSING AUTHORITY

By: _____
Name: Timothy J. Barry
Title: Executive Director

Consented to:

CLARKSDALE RENTAL III LIMITED PARTNERSHIP

By: Clarksdale III, Inc., its general partner

By: _____
Name: Sara Lindholm
Title: Authorized Agent