

ATTACHMENT C

PROJECT LOAN AGREEMENT

among

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION,
as Governmental Lender**

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Fiscal Agent**

and

**LIPPITT MILL RESTORATION LLC,
as Borrower**

Relating to

**Lippitt Mill
825 Main Street, West Warwick, Rhode Island**

Maximum Project Loan Principal Amount: \$[LOAN AMOUNT]

Dated as of [November] 1, 2025

All right, title and interest of Rhode Island Housing and Mortgage Finance Corporation (except for its Unassigned Rights) in and to this Project Loan Agreement are being assigned to The Bank of New York Mellon Trust Company, N.A., as Fiscal Agent, as security for the Funding Loan made pursuant to that certain Funding Loan Agreement dated as of [November] 1, 2025 by and among Governmental Lender, JPMorgan Chase Bank, N.A., as Initial Funding Lender, and Fiscal Agent.

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PROJECT LOAN AGREEMENT

THIS PROJECT LOAN AGREEMENT (“*Project Loan Agreement*”) dated as of [November] 1, 2025, is made by and among the **RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION** (the “*Governmental Lender*”), a public corporation and instrumentality of the State of Rhode Island (the “*State*”), **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association, duly organized and existing under the laws of the United States of America (together with any successor Fiscal Agents appointed under the Funding Loan Agreement, the “*Fiscal Agent*”), and **LIPPITT MILL RESTORATION LLC**, a Rhode Island limited liability company duly organized and existing under the laws of the State (together with its successors and assigns permitted hereunder, the “*Borrower*”).

RECITALS

WHEREAS, pursuant to Chapter 55 of Title 42 of the General Laws of Rhode Island, 1956 (2006 Reenactment), as amended and supplemented (the “*Act*”) and this Project Loan Agreement, Governmental Lender is agreeing to make a mortgage loan to Borrower in the maximum aggregate principal amount of \$[LOAN AMOUNT] (the “*Project Loan*”) to provide for the financing of a multifamily rental housing development located at 825 Main Street in West Warwick, Rhode Island and known as Lippitt Mill. The Land, Improvements, and Fixtures (each as defined in the Security Instrument) are collectively referred to herein as the “*Project*”.

WHEREAS, Governmental Lender is making the Project Loan with the proceeds received from the separate loan incurred by Governmental Lender pursuant to the Funding Loan Agreement, dated as of the date hereof (“*Funding Loan Agreement*”), among JPMorgan Chase Bank, N.A. (the “*Initial Funding Lender*”), Governmental Lender and Fiscal Agent, in the maximum aggregate principal amount of \$[LOAN AMOUNT] (the “*Funding Loan*” and together with the Project Loan, the “*Loans*”). The Funding Loan is evidenced by the Rhode Island Housing and Mortgage Finance Corporation Multifamily Housing Mortgage Revenue Note (Lippitt Mill Project), Series 2025, dated [CLOSING DATE] (the “*Delivery Date*”), executed by Governmental Lender and authenticated by Fiscal Agent in favor of Initial Funding Lender (as the same may be amended, restated, supplemented or otherwise modified from time to time, or any note executed in substitution therefor, as such substitute note may be amended, restated, supplemented or otherwise modified from time to time, and together with all addenda thereto, the “*Governmental Note*”).

WHEREAS, pursuant to the terms and subject to the conditions of the Funding Loan Agreement and the Loan Disbursement Agreement, Initial Funding Lender has agreed to originate and fund the Funding Loan to Governmental Lender on a draw-down basis in accordance with the Funding Loan Agreement and the Loan Disbursement Agreement, which proceeds of the Funding Loan will be used by Governmental Lender to fund the Project Loan to Borrower in corresponding installments pursuant to this Project Loan Agreement.

WHEREAS, Borrower has agreed to use the proceeds of the Project Loan to finance the acquisition and rehabilitation of the Project.

WHEREAS, Borrower’s payment obligations in respect of the Project Loan will be evidenced by a Project Note, dated the Delivery Date (as the same may be amended, restated, supplemented or otherwise modified from time to time, or any note executed in substitution therefor, as such substitute note may be amended, restated, supplemented or otherwise modified from time to time, and together with all riders and addenda thereto, the “*Project Note*”), delivered to Governmental Lender, which Project Note will be endorsed by Governmental Lender to Fiscal Agent as security for the Funding Loan.

WHEREAS, to secure Borrower’s obligations under the Project Note, Borrower will execute and deliver to Governmental Lender an Open-End Mortgage, Assignment of Leases and Rents Security Agreement and Fixture Filing (Open-End Mortgage To Secure Present and Future Loans Under Chapter 25 of Title 34 of The Rhode Island General Laws), dated as of [November] [1], 2025 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the “**Security Instrument**”), granting a first priority mortgage and security interest in the Project in favor of Governmental Lender.

WHEREAS, all of the right, title and interest of Governmental Lender (except for its Unassigned Rights) in and to this Project Loan Agreement, the Security Instrument, and the other Financing Documents are being assigned to Fiscal Agent as security for the Funding Loan.

WHEREAS, if the Conditions to Conversion are satisfied on or before the Construction Term Maturity Date, the Project Loan will convert from the Construction Phase to the Permanent Phase on the Conversion Date. If the Conditions to Conversion are not satisfied on or before the Construction Term Maturity Date, the Project Loan will not convert from the Construction Phase to the Permanent Phase and the Project Loan will be subject to mandatory prepayment in whole.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and of the origination and funding of the Project Loan by Governmental Lender, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS; INTERPRETATION

Section 1.01 Definitions. The terms used in this Project Loan Agreement (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Project Loan Agreement and of any amendment or supplement hereto shall have the respective meanings specified below. Terms used herein (including when used in the Recitals) not otherwise defined shall have the respective meanings set forth in the Funding Loan Agreement and the Loan Disbursement Agreement.

“**Act**” is as defined in the Recitals of this Project Loan Agreement.

“**Additional Loans**” is as defined in Section 8.13 of this Project Loan Agreement.

“**Borrower**” means the entity identified as “Borrower” in the Recitals of this Project Loan Agreement, together with any of its permitted successors and assigns, as owner of the Project.

“**Delivery Date**” means the date identified as “Delivery Date” in the Recitals of this Project Loan Agreement, which is the date of funding of the initial advance of the Funding Loan and the delivery of the Governmental Note by Governmental Lender to Initial Funding Lender.

“**Equity Investor**” means [_____] and its permitted successors or assigns.

“**Event of Default**” means the occurrence of any event listed in Section 7.01 hereof.

“Fee Component” means the regular, ongoing fees due from time to time to Governmental Lender, Fiscal Agent and the Rebate Analyst, if any, expressed as a flat, fixed amount or in terms of a percentage of the unpaid principal amount of the Funding Loan on an annual basis.

“Fiscal Agent” means the entity identified as “Fiscal Agent” on Page 1 of this Project Loan Agreement, together with any successor Fiscal Agents appointed under the Funding Loan Agreement.

“Funding Loan” is as defined in the Recitals of this Project Loan Agreement.

“Funding Loan Agreement” is as defined in the Recitals of this Project Loan Agreement.

“Governmental Lender” means the entity identified as “Governmental Lender” on Page 1 of this Project Loan Agreement.

“Governmental Note” is as defined in the Recitals of this Project Loan Agreement.

“Initial Funding Lender” is as defined in the Recitals of this Project Loan Agreement.

“Loans” is as defined in the Recitals of this Project Loan Agreement.

“Operating Agreement” means the Borrower’s [Amended and Restated] Operating Agreement, dated as of [November] [1], 2025, by and among [_____].

“Project” is as defined in the Recitals of this Project Loan Agreement.

“Project Loan” is as defined in the Recitals of this Project Loan Agreement.

“Project Loan Agreement” means this Project Loan Agreement, together with any amendments hereto.

“Project Loan Amortization Schedule” means the Project Loan Amortization Schedule to be attached as Schedule 1 to the Project Note on the Conversion Date.

“Project Loan Payment” means each payment of the Project Loan on each Project Loan Payment Date pursuant to the Project Note and this Project Loan Agreement.

“Project Loan Payment Date” means (a) the first day of each calendar month, commencing [_____] 1, 202[], or (b) any other date on which the Project Loan is prepaid or paid, whether at scheduled maturity or upon prepayment or acceleration of the maturity thereof; *provided, however*, that if a Project Loan Payment Date is not a Business Day, payment shall be made on the first Business Day following such Project Loan Payment Date as provided in Section 4.01(c) hereof.

“Project Note” is as defined in the Recitals of this Project Loan Agreement.

“Security Instrument” is as defined in the Recitals of this Project Loan Agreement.

“Taxes” means all taxes, water rents, sewer rents, assessments and other governmental or municipal or public or private dues, fees, charges and levies and any liens (including federal tax liens) which are or may be levied, imposed or assessed upon the Project or any part thereof, or upon any leases pertaining thereto, or upon the rents, issues, income or profits thereof, whether any or all of the aforementioned be levied directly or indirectly or as excise taxes or as income taxes.

“*TPA Regulations*” shall mean those certain regulations of Governmental Lender entitled “Regulations Governing Proposed Prepayments and Transfers” as in effect on the date hereof and as the same may be amended from time to time.

“*Transfer*” means (i) a sale, assignment, transfer, or other disposition (whether voluntary, involuntary or by operation of law); (ii) the grant, creation, or attachment of a lien, encumbrance, or security interest (whether voluntary, involuntary or by operation of law); (iii) the issuance or other creation of a direct or indirect ownership interest; or (iv) the withdrawal, retirement, removal or involuntary resignation of any owner or manager of a legal entity.

Section 1.02 Interpretation. The words “hereof,” “herein,” “hereunder,” and other words of similar import refer to this Project Loan Agreement as a whole and not to any particular Article, Section or other subdivision. References to Articles, Sections, and other subdivisions of this Project Loan Agreement are to the designated Articles, Sections and other subdivisions of this Project Loan Agreement as originally executed. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. Words importing persons include firms, partnerships, limited liability companies, joint ventures, associations and corporations. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time. The headings of this Project Loan Agreement are for convenience only and shall not define or limit the provisions hereof.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.01 Representations, Warranties and Covenants of Governmental Lender. Governmental Lender makes the following representations, warranties and covenants for the benefit of Borrower, Fiscal Agent, Funding Lender and Loan Servicer:

- (a) **Organization.** Governmental Lender is a public corporation and instrumentality of the State duly organized and validly existing under the laws of the State of Rhode Island (the “*State*”).
- (b) **Power and Authority.** Governmental Lender has all necessary power and authority to incur the indebtedness of the Funding Loan evidenced by the Governmental Note and to make the Project Loan from the proceeds thereof, and to execute, and deliver this Project Loan Agreement, the Funding Loan Agreement, and the other Financing Documents to which it is a party, and to perform its duties and discharge its obligations hereunder and thereunder.
- (c) **All Action Taken.** Governmental Lender has taken all action on its part to incur the Funding Loan evidenced by the Governmental Note and make the Project Loan from the proceeds thereof and for the sale, execution and delivery thereof.
- (d) **Authorization; Enforceability.** Each of the Financing Documents to which Governmental Lender is a party has been duly and validly authorized, executed and delivered by Governmental Lender and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of Governmental Lender, enforceable against Governmental Lender in accordance with its respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors’ rights generally and the application of equitable principles.

- (e) Compliance and No Conflicts or Breach. Governmental Lender has complied with the provisions of the laws of the State, including, but not limited to, the Act, which are prerequisites to the consummation of the transactions on the part of Governmental Lender described or contemplated in the Financing Documents. The execution and delivery of the Governmental Note and the Financing Documents to which Governmental Lender is a party, the consummation of the transactions on the part of Governmental Lender contemplated thereby and the fulfillment of or compliance with the terms and conditions thereof do not conflict with or result in the breach of any of the terms, conditions or provisions of any agreement or instrument or judgment, order or decree to which Governmental Lender is now a party or by which it is bound, nor do they constitute a default under any of the foregoing or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature upon any property or assets of Governmental Lender under the terms of any instrument or agreement.
- (f) Consents; Approvals. No authorization, consent, approval, order, registration, declaration or withholding of objection on the part of, or filing of or with any governmental authority, other than those already obtained, is required for the due execution and delivery by Governmental Lender of, and performance by Governmental Lender of its obligations under, the Financing Documents.
- (g) Litigation. There is no action, suit, proceeding, inquiry or investigation pending or, to the knowledge of Governmental Lender, threatened against Governmental Lender by or before any court, governmental agency or public board or body, nor, to Governmental Lender's knowledge, is there any basis therefor, which (i) affects or questions the existence or the territorial jurisdiction of Governmental Lender or the title to office of any member of the governing body of Governmental Lender; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of any Financing Documents or the issuance, sale, execution or delivery of the Governmental Note; (iii) affects or questions the validity or enforceability of the Governmental Note or any Financing Document; (iv) adversely affects the exclusion of interest on the Governmental Note from the gross income of the holders thereof for federal income tax purposes; or (v) questions the power or authority of Governmental Lender to perform its obligations under the Governmental Note or any Financing Document, or to carry out the transactions contemplated by the Governmental Note and the Financing Documents.
- (h) No Interest in Project or Borrower. No officer or other official of Governmental Lender has any personal financial interest in the Project or Borrower or in the transactions contemplated by this Project Loan Agreement.
- (i) Notice of Noncompliance; Actions. Upon the discovery by Governmental Lender of any noncompliance by Borrower with this Project Loan Agreement, the Tax Certificate or the Regulatory Agreement, Governmental Lender will promptly notify Fiscal Agent, Loan Servicer and Funding Lender Representative of such noncompliance and will, subject to the provisions of Article VII hereof, promptly institute action, or cause Fiscal Agent to institute action, to correct such noncompliance, will diligently pursue such action and will attempt to correct such noncompliance within sixty (60) days after such discovery, subject to the provisions of the Funding Loan Agreement, this Project Loan Agreement, the Tax Certificate and the Regulatory Agreement.
- (j) It is expressly acknowledged that Governmental Lender makes no representation as to the financial position or business condition of Borrower and does not represent or warrant as to any of the statements, materials (financial or otherwise), representations or certifications

furnished or to be made and furnished by Borrower in connection with the issuance, sale, execution and delivery of the Governmental Note, or as to the correctness, completeness or accuracy of such statements.

Section 2.02 *Representations, Warranties and Covenants of Borrower.* Borrower makes the following representations, warranties and covenants, all of which, together with the other representations and agreements of Borrower contained in this Project Loan Agreement, are relied upon by Governmental Lender, Funding Lender, Loan Servicer and Fiscal Agent and serve as a basis for the undertakings of Governmental Lender, Loan Servicer and Fiscal Agent contained in this Project Loan Agreement:

- (a) Organization. Borrower is a Rhode Island limited liability company duly organized, validly existing and in good standing under the laws of the State and is duly qualified to conduct its business under the laws of the Property Jurisdiction and in every other state in which the nature of its business requires such qualification, has full legal right, power and authority to enter into this Project Loan Agreement and the other Financing Documents to which it is a party, and to carry out and consummate all transactions contemplated hereby and by such other Financing Documents, and by proper action has duly authorized the execution, delivery and performance of this Project Loan Agreement and the other Financing Documents. The managing member of Borrower is duly formed and in good standing under the laws of its state of formation and, to the extent required by the laws of the Property Jurisdiction, is duly qualified to transact business in the Property Jurisdiction as a domestic limited liability company.
- (b) Power and Authority. Borrower has the legal right, power and authority (i) to own its properties and assets, including, but not limited to, the Project, (ii) to carry on its business as now being conducted and Borrower contemplates it to be conducted with respect to the Project and (iii) to execute and deliver, carry out its obligations under, and close the transactions provided for in, the Financing Documents to which it is a party.
- (c) Authorization, Enforceability. Each of the Financing Documents to which Borrower is a party has been duly authorized, executed and delivered by Borrower and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and general principles of equity.
- (d) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of Borrower, and no authorization, consent, approval, order, registration, declaration or withholding of objection on the part of, or filing of or with any governmental authority, other than those already obtained and as are in full force and effect or those necessary to be obtained during the course of construction and rehabilitation of the Project, is required for the due execution and delivery or approval, as the case may be, by Borrower of, and the performance by Borrower of its obligations under, the Financing Documents.
- (e) No Violations, Conflicts, Defaults or Liens. None of the execution and delivery of the Financing Documents to which Borrower is a party, the consummation of the transactions provided for in the Financing Documents, or Borrower's fulfillment of or compliance with the terms and conditions of the Financing Documents (i) violates or will violate any law, rule or regulation of any governmental agency or body having jurisdiction over Borrower, or any of its activities or properties, or any judgment, order, writ, injunction or decree to which Borrower is subject, or any of the organizational or other governing documents of Borrower,

(ii) conflicts or will conflict with any agreement, instrument or license to which Borrower is now a party or by which it or any of its properties or assets is bound or results or will result in a breach of, or constitutes or will constitute a default (with due notice or the passage of time or both) under, any such agreement, instrument or license, (iii) contravenes or will contravene any such law, rule or regulation or any such judgment, order, writ, injunction or decree, or (iv) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of Borrower, except for any lien, charge or encumbrance permitted under the terms of the Financing Documents.

- (f) [Reserved].
- (g) Litigation. There is no action, suit, proceeding, inquiry or investigation pending or, to Borrower's knowledge, threatened against or affecting Borrower or any of its properties (including, without limitation, the Project), which, if adversely determined, would (i) impair the right of Borrower to carry on its business substantially as now conducted and as contemplated by the Financing Documents, (ii) adversely affect the financial condition of Borrower, (iii) prohibit, restrain or enjoin the making of the Funding Loan or the Project Loan or the execution and delivery of any of the Financing Documents, (iv) adversely affect the validity or enforceability of any of the Financing Documents, or (v) adversely affect the exclusion of interest on the Governmental Note from the gross income of the holders thereof for federal income tax purposes.
- (h) Compliance. The Project and the operation of the Project (in the manner contemplated by the Financing Documents) conform and, following completion of the construction and rehabilitation of the Project, will continue to conform in all material respects with the requirements of the Act as well as all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project.
- (i) Filing and Payment of Taxes. Borrower has filed or caused to be filed all federal, state and local tax returns which are required to be filed or has obtained appropriate extensions therefor, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due.
- (j) No Default. Borrower is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party which default would materially adversely affect the transactions contemplated by the Financing Documents or the operations of Borrower or the enforceability of the Financing Documents to which Borrower is a party or the ability of Borrower to perform all obligations thereunder.

- (k) Payment of Maintenance, Repairs and Taxes With Respect to the Project. Borrower agrees to pay or cause to be paid all costs of maintenance and repair, all Taxes and assessments, insurance premiums (including public liability insurance and insurance against damage to or destruction of the Project) concerning or in any way related to the Project, or any part thereof, and any expenses or renewals thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments concerning or in any way related to the Project.
- (l) Ownership Interests in Borrower. All of the ownership interests in Borrower are validly issued and are fully registered, if required, with the applicable governmental authorities and/or agencies, and there are no outstanding options or rights to purchase or acquire those interests, except as may be acknowledged in the Operating Agreement. Nothing in this Project Loan Agreement shall prevent Borrower from issuing additional ownership interests if such units are issued in accordance with the provisions of the Financing Documents and all applicable securities laws.
- (m) Transfers of Interests in Borrower or Project. Borrower will not make, suffer or permit the occurrence of any Transfer of any interest in Borrower or the Project other than as permitted in the Financing Documents or the Operating Agreement or a transfer expressly approved in writing by Governmental Lender and Funding Lender, nor transfer any material license required for the operation of the Project. Borrower understands that any Transfer of any interest in Borrower or the Project and any approvals of the same by Governmental Lender shall be subject to the TPA Regulations.
- (n) Representations and Warranties. The representations and warranties of Borrower contained in the Tax Certificate, the Regulatory Agreement and the other Financing Documents are true and accurate in all material respects.
- (o) Full and Accurate Disclosure; Financial Information. The information, statements or reports furnished in writing to Governmental Lender, Loan Servicer and Funding Lender Representative by Borrower in connection with this Project Loan Agreement and the other Financing Documents or the consummation of the transactions contemplated hereby and thereby do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, and there is no material fact or circumstance presently known to Borrower that has not been disclosed to Funding Lender Representative or Governmental Lender which materially and adversely affects the Project or the business, operations or financial condition or business prospects of Borrower or Borrower's ability to meet its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party in a timely manner. The representations and warranties of Borrower and the statements, information and descriptions contained in Borrower's closing certificates, as of the Delivery Date, are true and correct in all material respects, do not contain any untrue statement of a material fact, and do not omit to state a material fact necessary to make the representations, warranties, statements, information and descriptions contained therein, in the light of the circumstances under which they were made, not misleading; and any estimates or assumptions contained in any certificate of Borrower delivered as of the Delivery Date are reasonable.

All financial data, including any statements of cash flow and income and operating expense, that have been delivered to Governmental Lender or Funding Lender in respect of the Project by or on behalf of Borrower, to the best knowledge of Borrower, (i) are accurate and complete

in all material respects as of the respective dates of such reports, and (ii) accurately represent the financial condition of the Project as of the date of such reports. Other than pursuant to or permitted by the Financing Documents or Borrower organizational documents, Borrower has no contingent liabilities, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments. Since the date of such financial statements, there has been no materially adverse change in the financial condition, operations or business of Borrower from that set forth in said financial statements.

- (p) No Interest of Governmental Lender. To the knowledge of Borrower, no commissioner, member, officer or employee of Governmental Lender has been or is in any manner interested, directly or indirectly, in that person's own name or in the name of any other person, in the Financing Documents, Borrower or the Project, in any contract for property or materials to be furnished or used in connection with the Project, or in any aspect of the transactions contemplated by the Financing Documents.
- (q) Intention to Hold the Project. Borrower intends to hold the Project for its own account and has no current plans to sell, and has not entered into any agreement to sell, all or any portion of the Project other than as may be acknowledged in the Operating Agreement, and Borrower intends to occupy the Project or cause the Project to be occupied and to operate it or cause it to be operated at all times during the term of this Project Loan Agreement in compliance with the terms of this Project Loan Agreement and the Regulatory Agreement and does not know of any reason why the Project will not be so used by it in the absence of circumstances not now anticipated by it or totally beyond its control.
- (r) Location of Project. The Project is located wholly within the boundaries of the City of West Warwick, Rhode Island.
- (s) Changes to and Operation of the Project. Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Act or adversely affects the exclusion from gross income for federal income tax purposes of the interest on the Governmental Note. Borrower shall operate the Project as required by the Regulatory Agreement.
- (t) Approval of Funding Loan Agreement. The Funding Loan Agreement has been submitted to Borrower for examination, and Borrower, by execution of this Project Loan Agreement, acknowledges and agrees that it has participated in the drafting of the Funding Loan Agreement and that it is bound by, shall adhere to the provisions of, covenants and agrees to perform all obligations required of Borrower pursuant to, and shall have the rights set forth by the applicable terms and conditions of, the Funding Loan Agreement.
- (u) Title. Borrower will have a fee simple interest in the land and improvements on the Project, subject only to liens and other encumbrances and exceptions permitted under the Security Instrument ("**Permitted Encumbrances**"). The Security Instrument, when properly recorded in the appropriate records, together with any UCC financing statements required to be filed in connection therewith, will create (i) a valid, perfected first priority lien on the fee simple interest in the Project and (ii) perfected security interests in and to, and perfected collateral assignments of, all personalty included in the Project (including the Leases (as defined in the Security Instrument)), all in accordance with the terms thereof, in each case subject only to any applicable Permitted Encumbrances. To Borrower's knowledge, there are no delinquent Taxes with respect to the Project, nor are there any claims for payment for work, labor or

materials affecting the Project which are or may become a lien prior to, or of equal priority with, the liens created by the Financing Documents.

- (v) Acknowledgement of Transactions and Risks. Borrower acknowledges that (i) it understands the nature and structure of the transactions relating to the financing of the Project, (ii) it is familiar with the provisions of all of the documents and instruments relating to the financing, (iii) it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project, and (iv) it has not relied on Governmental Lender, Fiscal Agent, Funding Lender or Funding Lender Representative for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Financing Documents or otherwise relied on Governmental Lender, Fiscal Agent, Funding Lender or Funding Lender Representative in any manner.
- (w) Survey. To the best knowledge of Borrower, the survey for the Project delivered to Governmental Lender and Funding Lender does not fail to reflect any material matter affecting the Project or the title thereto.
- (x) No Bankruptcy Filing. Borrower is not contemplating either the filing of a petition by it under any state or federal bankruptcy or insolvency law or the liquidation of all or a major portion of its property (a "***Bankruptcy Proceeding***"), and has no knowledge of any Person contemplating the filing of any such petition against it. As of the Delivery Date, Borrower has the ability to pay its debts as they become due.
- (y) Insurance. Borrower has obtained the insurance required by the Loan Disbursement Agreement and the Security Instrument and has delivered to Funding Lender Representative copies of insurance policies or certificates of insurance reflecting the insurance coverages, amounts and other requirements set forth therein and in the Security Instrument.
- (z) Environmental Matters.
 - (i) Except as disclosed to RIHousing and Funding Lender, the Project and the use and operation thereof during and after construction thereof will be in compliance with each zoning, subdivision, land use, environmental and other law, ordinance, order, permits, license, rule, regulation and approval applicable thereto.
 - (ii) Borrower has received no written notice that either Borrower or the land comprising the Project are in violation of or subject to any existing, pending or, to Borrower's knowledge, threatened investigation or inquiry by any governmental authority pertaining to any applicable environmental law.
- (aa) State Law Requirements. Borrower will comply with the provisions of all applicable laws of the Property Jurisdiction relating to the Project Loan and the Project.
- (bb) Compliance with Regulatory Agreements. The Project is, as of the date of issuance of the Governmental Note, in compliance with all requirements of the all regulatory agreements (including the Regulatory Agreement) to the extent such requirements are applicable thereto, and 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 such regulatory agreements, including all applicable requirements of the Act and the Code, and pursuant to leases which comply with all applicable laws. Borrower shall at all times comply with the requirements of the regulatory agreements, including the Regulatory Agreement.

Section 2.03 *Representations and Warranties of Fiscal Agent.* Fiscal Agent makes the following representations and warranties for the benefit of Governmental Lender, Borrower, Funding Lender and Loan Servicer:Organization; Authority. Fiscal Agent is a national banking association, duly organized and existing under the laws of the United States of America. Fiscal Agent is duly authorized to act as a fiduciary and to execute the trust created by the Funding Loan Agreement, and meets the qualifications to act as Fiscal Agent under the Funding Loan Agreement.

- (b) Compliance. Fiscal Agent has complied with the provisions of law which are prerequisite to the consummation of, and has all necessary power (including trust powers) and authority (i) to execute and deliver this Project Loan Agreement and the other Financing Documents to which it is a party, (ii) to perform its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, and (iii) to consummate the transactions contemplated by this Project Loan Agreement and the other Financing Documents to which it is a party.
- (c) Due Authorization. Fiscal Agent has duly authorized (i) the execution and delivery of this Project Loan Agreement and the other Financing Documents to which it is a party, (ii) the performance by Fiscal Agent of its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, and (iii) the actions of Fiscal Agent contemplated by this Project Loan Agreement and the other Financing Documents to which it is a party.
- (d) Execution and Delivery; Enforceability. Each of the Financing Documents to which Fiscal Agent is a party has been duly executed and delivered by Fiscal Agent and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding obligation of Fiscal Agent, enforceable against Fiscal Agent in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).
- (e) Qualified to Act. Fiscal Agent meets the qualifications to act as Fiscal Agent under the Funding Loan Agreement.
- (f) Compliance. Fiscal Agent has complied with the provisions of law which are prerequisites to the consummation of the transactions on the part of Fiscal Agent described or contemplated in the Financing Documents.
- (g) Consents and Approvals. No approval, permit, consent, authorization or order of any court, governmental agency or public board or body not already obtained is required to be obtained by Fiscal Agent as a prerequisite to (i) the execution and delivery of this Project Loan Agreement and the other Financing Documents to which Fiscal Agent is a party, (ii) the authentication or delivery of the Governmental Note, (iii) the performance by Fiscal Agent of its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, or (iv) the consummation of the transactions contemplated by this Project Loan Agreement and the other Financing Documents to which Fiscal Agent is a party. Fiscal Agent makes no representation or warranty relating to compliance with any federal or state securities laws.

Section 2.04 *Arbitrage and Rebate Fund Calculations.* Borrower shall (a) take or cause to be taken all actions necessary or appropriate in order to fully and timely comply with Section 4.10 of the Funding

Loan Agreement, and (b) if required to do so under Section 4.10 of the Funding Loan Agreement, select at Borrower's expense, a Rebate Analyst reasonably acceptable to Governmental Lender for the purpose of making any and all calculations required under Section 4.10 of the Funding Loan Agreement. Such calculations, if required, shall be made in the manner and at such times as specified in Section 4.10 of the Funding Loan Agreement. Borrower shall cause the Rebate Analyst to provide such calculations to Fiscal Agent and Governmental Lender at such times and with such directions as are necessary to comply fully with the arbitrage and rebate requirements set forth in the Funding Loan Agreement and to comply fully with Section 148 of the Code, including the timely payment of any arbitrage rebate owed. ***Tax Covenants of Borrower.*** Borrower covenants and agrees that:

- (a) It will at all times comply with the terms of the Tax Certificate and the Regulatory Agreement.
- (b) It will not take, or permit to be taken on its behalf, any action which would cause the interest payable on the Governmental Note to be included in the gross income of the holders thereof for federal income tax purposes, and will take such action as may be necessary in the opinion of Bond Counsel to continue such exclusion from gross income, including, without limitation, the preparation and filing of all statements required to be filed by it in order to maintain the exclusion (including, but not limited to, the filing of all reports and certifications required by the Regulatory Agreement).
- (c) No changes will be made to the Project, no actions will be taken by Borrower and Borrower will not omit to take any actions, which will in any way adversely affect the tax-exempt status of the Governmental Note.
- (d) It will comply with the requirements of Section 148 of the Code and the Treasury Regulations issued thereunder throughout the term of the Funding Loan and the Project Loan and will not make any use of the proceeds of the Funding Loan or the Project Loan, or of any other funds which may be deemed to be proceeds of the Governmental Note under the Code and the Treasury Regulations, which would cause the Governmental Note to be "arbitrage bonds" within the meaning of Section 148 of the Code.
- (e) If Borrower becomes aware of any situation, event or condition which would, to the best of its knowledge, result in the interest on the Governmental Note becoming includable in gross income of the holders thereof for federal income tax purposes, it will promptly give written notice of such circumstance, event or condition to Governmental Lender, Fiscal Agent, Funding Lender Representative and Loan Servicer.
- (f) The full amount of each disbursement of proceeds of the Project Loan will be applied to pay or to reimburse Borrower for the payment of Costs of the Project and, after taking into account any proposed disbursement, (i) at least 95% of the net proceeds of the Governmental Note (as defined in Section 150 of the Code) will be used to provide a qualified residential rental project (as defined in Section 142(d) of the Code) and (ii) less than 25% of the net proceeds of the Governmental Note will have been disbursed to pay or to reimburse Borrower for the cost of acquiring land. None of the proceeds of the Governmental Note (as defined for purposes of Section 147(g) of the Code) will be disbursed to provide working capital.
- (g) Borrower will cause all of the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Act, the Code and the Regulatory Agreement.
- (h) All leases will comply with all applicable laws and the Regulatory Agreement.

- (i) In connection with any lease or grant by Borrower of the use of the Project, Borrower will require that the lessee or user of any portion of the Project not use that portion of the Project in any manner which would violate the covenants set forth in this Project Loan Agreement or any applicable regulatory agreements, including the Regulatory Agreement.
- (j) No proceeds of the Funding Loan shall be used for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property is pursuant to such acquisition; *provided, however*, that this limitation shall not apply with respect to any building (and the equipment therefor) if rehabilitation expenditures (as defined in Section 147(d) of the Code) with respect to such building equal or exceed 15 percent of the portion of the cost of acquiring such building (and equipment) financed with the proceeds; and provided, further, that this limitation shall not apply with respect to any structure other than a building if rehabilitation expenditures with respect to such structure equal or exceed 100 percent of the portion of the cost of acquiring such structure financed with the proceeds.
- (k) From the proceeds of the Funding Loan and investment earnings thereon, an amount, if any, not in excess of two percent (2%) of the proceeds of the Funding Loan, will be used for Costs of Issuance of the Governmental Note, all within the meaning of Section 147(g)(1) of the Code.
- (l) No proceeds of the Funding Loan shall be used directly or indirectly to provide any airplane, skybox or other private luxury box, health club facility, facility used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises.
- (m) Borrower pursuant to the requirements of Section 1.148-1(b) of the Regulations (or any related person contemplated by such Regulations), will not purchase interests in the Funding Loan in an amount related to the amount of the Project Loan.

In the event of a conflict between the terms and requirements of this Section 2.05 and the Tax Certificate, the terms and requirements of the Tax Certificate shall control.

ARTICLE III

THE PROJECT LOAN

Section 3.01 *Conditions to Funding the Project Loan.* On the Delivery Date and thereafter, Governmental Lender shall cause the proceeds of the Funding Loan to be deposited with Fiscal Agent in accordance with Section 2.11 of the Funding Loan Agreement and Section 3.03 hereof. Fiscal Agent shall use such proceeds as provided in Article II of the Funding Loan Agreement to make the Project Loan on behalf of Governmental Lender, provided that no authorization for the initial disbursement of proceeds shall be made until the following conditions have been met:

- (a) Borrower shall have executed and delivered to Governmental Lender the Project Note and Governmental Lender shall have endorsed the Project Note to Fiscal Agent.
- (b) The Security Instrument and the Assignment, with only such changes therein as shall be approved in writing by Funding Lender Representative, shall have been executed and delivered by Borrower and Governmental Lender, respectively, and delivered to Title Company for recording in the appropriate office for recording real estate documents in the county in which the Project is located (the “*Recorder’s Office*”).

- (c) The Regulatory Agreement shall have been executed and delivered by the parties thereto and shall have been delivered to Title Company for recording in the Recorder's Office, and Fiscal Agent shall have received evidence satisfactory to it of such delivery.
- (d) All other Financing Documents not listed above shall have been executed and delivered by all parties thereto and delivered to Fiscal Agent.
- (e) Borrower shall have delivered to Fiscal Agent, Governmental Lender, Funding Lender Representative and Loan Servicer a certificate confirming, as of the Delivery Date, the matters set forth in Section 2.02 hereof and an opinion of its counsel or other counsel satisfactory to Fiscal Agent, Governmental Lender, Bond Counsel, Funding Lender Representative and Loan Servicer.

Section 3.02 *Terms of the Project Loan; Servicing.*

- (a) The Project Loan shall (i) be evidenced by the Project Note; (ii) be secured by the Security Instrument; (iii) be in the maximum aggregate principal amount of \$[LOAN AMOUNT]; (iv) bear interest as provided in the Project Note; (v) provide for principal and interest payments in accordance with the Project Note; and (vi) be subject to optional and mandatory prepayment at the times, in the manner and on the terms, and have such other terms and provisions, as provided herein and in the Project Note. The outstanding principal balance of the Project Loan at any time shall be an amount equal to the proceeds of the Funding Loan advanced by Funding Lender and deposited by Fiscal Agent into the Project Loan Fund under the Funding Loan Agreement minus any amounts prepaid with respect to principal in accordance with the terms hereof and the Project Note.

Borrower acknowledges and agrees that upon the happening of certain events or circumstances, each of Borrower, Governmental Lender and Initial Funding Lender may request that the Funding Loan be fully advanced and deposited in the Project Loan Fund, all as described and in accordance with Section 2.01(b) of the Funding Loan Agreement. In such event, a like amount of the Project Loan shall be deemed concurrently and simultaneously advanced hereunder and available for disbursement to Borrower as provided in the Funding Loan Agreement.

- (b) Funding Lender Representative may appoint a Loan Servicer to service the Loans for all or a portion of the term of the Loans. Initially, no Loan Servicer will be appointed by the Funding Lender Representative for the Initial Funding Lender. Funding Lender Representative may remove a Loan Servicer or appoint a replacement Loan Servicer, in its discretion, by written notice provided to Governmental Lender, Fiscal Agent and Borrower. Any successor Loan Servicer shall signify its acceptance of the duties and obligations imposed upon it by the Funding Loan Agreement and this Project Loan Agreement by executing such instrument(s) as shall be acceptable to Funding Lender Representative, a copy of which shall be provided to the parties hereto.
- (c) During any period that Loan Servicer services the Loans, Borrower shall make all payments in connection with the Project Loan to Loan Servicer, and Loan Servicer will:
 - (i) Retain the allocable portion of the monthly Servicing Fee (if any) for its own account;
 - (ii) Remit to Fiscal Agent (A) all payments of principal, Prepayment Premium, if any, and interest due with respect to the Funding Loan, (B) Fiscal Agent's Ordinary Fees and

Expenses, together with any other amounts due to Fiscal Agent, and (C) the Governmental Lender Fee, together with any other amounts due to Governmental Lender, and

- (iii) Remit to Funding Lender, any fees or other amounts that may be due to Funding Lender.

During any period in which there is no Loan Servicer, all notices to be sent to Loan Servicer shall be sent to Funding Lender Representative and Fiscal Agent (to the extent not already provided) and all amounts to be paid to Loan Servicer by Borrower shall be paid directly to Fiscal Agent, except as otherwise provided in paragraph (c)(iii) above with respect to the fees and amounts due to Funding Lender which shall be paid directly to Funding Lender.

- (d) Governmental Lender, Fiscal Agent and Borrower hereby acknowledge and agree that:
 - (i) If applicable, Funding Lender Representative has appointed Loan Servicer to service and administer the Project Loan.
 - (ii) The selection or removal of any Loan Servicer is in the sole and absolute discretion of Funding Lender Representative.
 - (iii) None of Governmental Lender, Fiscal Agent or Borrower shall terminate or attempt to terminate any Loan Servicer as Loan Servicer for the Project Loan or appoint or attempt to appoint a substitute Loan Servicer for the Project Loan.

Section 3.03 Deposits. On the Delivery Date and each date of an advance of the proceeds of the Funding Loan, such proceeds shall be deposited in the Project Account of the Project Loan Fund, including the initial deposit in the amount of \$[_____]. On the Delivery Date, Borrower will not make any deposits with Fiscal Agent for the credit of the Cost of Issuance Fund or the Borrower Equity Account of the Project Loan Fund but shall instead deposit the Initial Borrower Equity Deposit with the Settlement Agent for payment of Costs of Issuance and certain Costs of the Project. All subsequent Borrower Equity Deposits, if any, shall be deposited in the Borrower Equity Account of the Project Loan Fund. Subject to the conditions listed in Section 3.01 hereof, amounts on deposit in the Project Loan Fund are to be disbursed to Borrower or otherwise as provided in Section 2.11(d) of the Funding Loan Agreement.

Section 3.04 *Pledge and Assignment to Fiscal Agent.* The parties hereto acknowledge, and Borrower consents to, the pledge and assignment by Governmental Lender to Fiscal Agent pursuant to the Funding Loan Agreement of all of Governmental Lender's right, title and interest in this Project Loan Agreement (excluding the Unassigned Rights), the Project Loan, the Project Note, the Security Instrument, the other Project Loan Documents and the Revenues as security for the payment of the principal of, Prepayment Premium, if any, and interest on the Governmental Note and the payment of any other amounts due under the Financing Documents.

Section 3.05 *Investment of Funds.* Except as otherwise provided in the Funding Loan Agreement, any money held as a part of any fund or account established under the Funding Loan Agreement shall be invested or reinvested by Fiscal Agent in Qualified Investments in accordance with Section 4.07 of the Funding Loan Agreement.

Section 3.06 *Damage; Destruction and Eminent Domain.* If, prior to payment in full of the Project Loan, the Project or any portion thereof is destroyed or damaged in whole or in part by fire or other casualty, or title to, or the temporary use of, the Project or any portion thereof shall have been taken by the exercise of the power of eminent domain, and Governmental Lender, Borrower, Fiscal Agent or Loan Servicer receives Net Proceeds from insurance or any condemnation award in connection therewith, such Net Proceeds shall be utilized as provided in the Project Loan Documents and the Funding Loan Agreement.

Section 3.07 *Enforcement of Financing Documents.* Fiscal Agent or Funding Lender Representative may enforce and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of the Funding Loan Agreement and the other Financing Documents as and to the extent set forth herein and therein.

ARTICLE IV

LOAN PAYMENTS

Section 4.01 *Payments Under the Project Note; Independent Obligation of Borrower.*

- (a) **Payment Obligations.** Borrower agrees to repay the Project Loan on each Project Loan Payment Date as provided in the Project Note, and in all instances at the times and in the amounts necessary to enable Fiscal Agent, on behalf of Governmental Lender, or Loan Servicer, to pay all amounts payable with respect to the Funding Loan, when due, whether at maturity or upon prepayment (with Prepayment Premium, if applicable), acceleration or otherwise. To ensure such timely payment during the Permanent Phase, if a Loan Servicer shall have been appointed by Funding Lender Representative, Loan Servicer shall collect from Borrower, and Borrower shall provide to Loan Servicer the foregoing payments not less than two (2) Business Days prior to each respective Project Loan Payment Date. Borrower acknowledges and agrees that during the Construction Phase, (i) Borrower shall be required to maintain or caused to be maintained an amount on deposit in the Project Account of the Project Loan Fund at least equal to the Required Capitalized Interest Deposit to pay interest on the Loans when due during the Construction Phase, and (ii) Fiscal Agent shall automatically (A) draw down proceeds of the Funding Loan in the amount of any deficiency in the Project Loan Account of the Project Loan Fund to pay interest on the Loans when due or to fund the Required Capitalized Interest Deposit, and (B) transfer (without any need for a Requisition or written direction or approval) amounts received from Initial Funding Lender as advances on the Project Loan for deposit in the Project Account of the Project Loan Fund (including the Required Capitalized Interest Deposit), and thereafter, from amounts on deposit in Borrower

Equity Account of the Project Loan Fund, if any, to the Loan Payment Fund to pay interest of the Loans when due.

The obligation of Borrower to make the payments set forth in this Article IV shall be an independent obligation of Borrower, separate from its obligation to make payments under the Project Note, provided that in all events payments made by Borrower under and pursuant to the Project Note shall be credited against Borrower's obligations hereunder on a dollar-for-dollar basis. If for any reason the Project Note or any provision of the Project Note shall be held invalid or unenforceable against Borrower by any court of competent jurisdiction, the Project Note or such provision of the Project Note shall be deemed to be the obligation of Borrower pursuant to this Project Loan Agreement to the full extent permitted by law and such holding shall not invalidate or render unenforceable any of the provisions of this Article IV and shall not serve to discharge any of Borrower's payment obligations hereunder or eliminate the credit against such obligations to the extent of payments made under the Project Note.

- (b) **Obligations Unconditional; No Set-Off.** The obligation of Borrower to repay the Project Loan, to perform all of its obligations under the Project Loan Documents, to provide indemnification pursuant to Section 6.01 hereof, to pay costs, expenses and charges pursuant to Section 4.02 hereof and to make any and all other payments required by this Project Loan Agreement, the Funding Loan Agreement or any other documents contemplated by this Project Loan Agreement or by the Project Loan Documents shall, subject to the limitations set forth in Section 4.06 hereof, be absolute and unconditional, and shall be paid or performed without notice or demand, and without abatement, deduction, set-off, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, and irrespective of whether Borrower's title to the Project or to any part thereof is defective or nonexistent, and notwithstanding any damage due to loss, theft or destruction of the Project or any part thereof, any failure of consideration or frustration of commercial purpose, the taking by eminent domain of title to or of the right of temporary use of all or any part of the Project, legal curtailment of Borrower's use thereof, the eviction or constructive eviction of Borrower, any change in the tax or other laws of the United States of America, the Property Jurisdiction or any political subdivision thereof, any change in Governmental Lender's legal organization or status, or any default of Governmental Lender or Fiscal Agent hereunder or under any other Financing Document, and regardless of the invalidity of any action of Governmental Lender or the invalidity of any portion of this Project Loan Agreement.
- (c) **Payments from Borrower to Fiscal Agent or Loan Servicer.** Each payment by Borrower hereunder or under the Project Note shall be made in immediately available funds to Loan Servicer on each Project Loan Payment Date or such other date when such payment is due; *provided, however,* such Project Loan Payment shall be made directly to Fiscal Agent if there is no Loan Servicer or if Borrower is so directed in writing by Funding Lender Representative. Each such payment shall be made to Fiscal Agent or Loan Servicer, as applicable, by deposit to such account as Fiscal Agent or Loan Servicer may designate by written notice to Borrower. Whenever any Project Loan Payment or any other payment under this Project Loan Agreement or under the Project Note shall be stated to be due on a day that is not a Business Day, such payment shall be made on the first Business Day immediately thereafter.

Section 4.02 *Additional Payments Under the Project Note and Project Loan Agreement.*

- (a) In addition to the payments set forth in Section 4.01 hereof, payments to be made by Borrower under the Project Note include certain money to be paid in respect of, among other things, the

Fee Component, the Servicing Fee, and amounts required to be deposited pursuant to the Loan Disbursement Agreement and the other Project Loan Documents, as set forth in subsection (b) of this Section 4.02. To the extent that any portion of the Fee Component, the Servicing Fee, or amounts required to be deposited pursuant to the Loan Disbursement Agreement and the other Project Loan Documents remain due and owing at any time, such amounts remaining due and owing shall be payable from money on deposit in the Administration Fund as provided in Section 4.06 of the Funding Loan Agreement or from other money of Borrower, to the extent that money in the Administration Fund is insufficient for such purposes. All other fees and expenses shall be payable from money of Borrower as provided in subsection (b) of this Section 4.02.

- (b) In addition to the funding of the initial deposits required of Borrower described in Section 3.03, Borrower shall pay (or cause to be paid by Loan Servicer or Fiscal Agent (to the extent paid from money on deposit in the Administration Fund or the Costs of Issuance Fund, as applicable) or a third-party escrow agent acceptable to Governmental Lender, Fiscal Agent and Initial Funding Lender), in consideration of the funding of the Project Loan, the following fees, expenses and other money payable in connection with the Loans:
- (i) On the Delivery Date, from the Initial Borrower Equity Deposit or other amounts deposited in escrow with the Settlement Agent, to Initial Funding Lender, its origination fees, together with all third party and out-of-pocket expenses of Initial Funding Lender (including but not limited to the fees and expenses of counsel to Initial Funding Lender) in connection with the Loans.
 - (ii) On the Delivery Date, from the Initial Borrower Equity Deposit or other amounts deposited in escrow with the Settlement Agent, to Governmental Lender, an initial financing fee in an amount equal to \$[] = 1% of par], its tax credit allocation fee in the amount of \$[] and its underwriting fee in the amount of \$[], together with all third party and out-of-pocket expenses of Governmental Lender (including but not limited to the fee payable to the Rhode Island Public Finance Management Board and the fees and expenses of Bond Counsel and other counsel to Governmental Lender) in connection with the Loans and the issuance of the Governmental Note.
 - (iii) On the Delivery Date, from the Initial Borrower Equity Deposit or other amounts deposited in escrow with the Settlement Agent, to Fiscal Agent, an acceptance fee in an amount equal to \$[] and Fiscal Agent's first annual administration fee in the amount of \$[] (*for a total of \$[]*), together with all third party and out-of-pocket expenses of Fiscal Agent (including but not limited to the fees and expenses of counsel to Fiscal Agent) in connection with the Loans and the issuance of the Governmental Note.
 - (iv) To Fiscal Agent, the Fiscal Agent's Ordinary Fees and Expenses and the Fiscal Agent's Extraordinary Fees and Expenses when due from time to time.
 - (v) To Governmental Lender, the Governmental Lender Fee when due and any extraordinary expenses not covered by the Governmental Lender Fee that Governmental Lender may incur in connection with the Financing Documents or the Project from time to time.

- (vi) To the Rebate Analyst, the reasonable fees and expenses of such Rebate Analyst in connection with the computations relating to arbitrage rebate required under the Funding Loan Agreement and this Project Loan Agreement when due from time to time.
- (vii) To Funding Lender Representative, any amount due and owing to Funding Lender Representative from time to time but unpaid under the Loan Disbursement Agreement.
- (viii) To Loan Servicer, the amount of any portion of the Servicing Fee remaining unpaid and any fees, costs and expenses of Loan Servicer as provided in the Loan Disbursement Agreement.
- (ix) To Loan Servicer, the amounts required to be deposited in respect of reserves and impositions required under the Loan Disbursement Agreement and the other Project Loan Documents.
- (x) If Fiscal Agent is collecting and remitting loan payments under the Funding Loan Agreement, to Fiscal Agent, within two (2) Business Days of receipt from Fiscal Agent of a notice of deficiency in the Administration Fund as provided in Section 4.06 of the Funding Loan Agreement, the amount of any such deficiency in the Administration Fund.

Section 4.03 *Payments to Rebate Fund.* Borrower shall pay when due to Fiscal Agent at the Principal Office of Fiscal Agent any amount required to be deposited in the Rebate Fund in accordance with Section 4.10 of the Funding Loan Agreement.

Section 4.04 *Prepayment.*

- (a) **Optional Prepayment of the Project Loan.** Borrower shall have the option to prepay the Project Loan in whole, together with all accrued and unpaid interest thereon, as provided in the Project Note.
- (b) **Mandatory Prepayment of the Project Loan.** Borrower shall be required to prepay all or a portion of the outstanding principal balance of the Project Loan, together with accrued interest thereon, and together with any Prepayment Premium due under the Project Note, as provided in the Project Note. Additionally, Borrower shall be required to prepay all or a portion of the outstanding principal balance of the Project Loan, together with accrued interest thereon, and together with any Prepayment Premium due under the Project Note, in connection with any of the following:
 - (i) In part, in the event Borrower pays a Resizing Fee.
 - (ii) In whole, on or after the Outside Conversion Date, at the written direction of Initial Funding Lender, if the Conversion Date does not occur on or before the Outside Conversion Date.

Section 4.05 *Borrower's Obligations Upon Prepayment.* In the event of any prepayment, Borrower will timely pay, or cause to be paid, an amount equal to the principal amount of the Funding Loan or portion thereof called for prepayment, together with interest accrued to the prepayment date and Prepayment

Premium, if any. In addition, Borrower will timely pay all fees, costs and expenses associated with any prepayment of the Funding Loan.

Section 4.06 *Limits on Personal Liability.*

- (a) Except as otherwise set forth in the Project Note and subsection 4.06(b) below, the obligations of Borrower under this Project Loan Agreement and the other Financing Documents are non-recourse liabilities of Borrower which shall be enforced only against the Project and other property of Borrower encumbered by the Financing Documents and not personally against Borrower or any member of Borrower or any successor or assign of Borrower. However, nothing in this Section 4.06 shall limit the right of Governmental Lender, Fiscal Agent, Loan Servicer or Funding Lender Representative to proceed against Borrower to recover any fees owing to any of them or any actual out-of-pocket expenses (including but not limited to actual out-of-pocket attorneys' fees incurred by any of them) incurred by any of them in connection with the enforcement of any rights under this Project Loan Agreement or the other Financing Documents. Nothing in this Section 4.06 shall limit any right that Loan Servicer or Funding Lender Representative may have to enforce the Project Note, the Security Instrument, or any other Financing Document in accordance with their terms.

- (b) Notwithstanding anything contained in any other provision of this Project Loan Agreement to the contrary (but subject to the provisions of Section 7.06 hereof), the following obligations of Borrower shall be and remain the joint and several full recourse obligations of Borrower and Borrower's managing member:
 - (i) Borrower's obligations to Governmental Lender and Fiscal Agent under subsections (b)(ii), (b)(iii), (b)(iv), and (b)(v) of Section 4.02 hereof.
 - (ii) Borrower's obligations under Sections 2.05 and 6.01 of this Project Loan Agreement.
 - (iii) Borrower's obligation to pay any and all rebate amounts that may be or become owing with respect to the Funding Loan and fees and expenses of the Rebate Analyst as provided in Sections 2.04, 4.02(b)(vi) and 4.03 of this Project Loan Agreement and the Tax Certificate.
 - (iv) Borrower's obligation to pay legal fees and expenses under Section 7.04 hereof.

ARTICLE V

SPECIAL COVENANTS OF BORROWER

Section 5.01 *Performance of Obligations.* Borrower shall keep and faithfully perform all of its covenants and undertakings contained herein and in the Financing Documents, including, without limitation, its obligations to make all payments set forth herein and therein in the amounts, at the times and in the manner set forth herein and therein.

Section 5.02 *Compliance with Applicable Laws.* All work performed in connection with the Project shall be performed in strict compliance with all applicable federal, state, county and municipal laws, ordinances, rules and regulations now in force or that may be enacted hereafter.

Section 5.03 *Funding Loan Agreement Provisions.* The execution of this Project Loan Agreement shall constitute conclusive evidence of approval of the Funding Loan Agreement by Borrower. Whenever the Funding Loan Agreement by its terms imposes a duty or obligation upon Borrower, such duty or obligation shall be binding upon Borrower to the same extent as if Borrower were an express party to the Funding Loan Agreement, and Borrower shall carry out and perform all of its obligations under the Funding Loan Agreement as fully as if Borrower were a party to the Funding Loan Agreement. Borrower also will fully and faithfully perform all the duties and obligations which the Governmental Lender has covenanted and agreed in the Funding Loan Agreement to cause the Borrower to perform with the exception of any duty or undertaking of Governmental Lender that by its nature cannot be delegated or assigned.

Section 5.04 *Borrower to Maintain Its Existence; Certification of No Default.*

- (a) Borrower agrees to maintain its existence and maintain its current legal status with authority to own and operate the Project.
- (b) In addition to performing all other similar requirements under the Financing Documents to which Borrower is a party, Borrower shall, within 30 days after the end of each calendar year, render to Fiscal Agent a certificate executed by an Authorized Officer of Borrower to the effect that Borrower is not, as of the date of such certificate, in default of any of its covenants, agreements, representations or warranties under any of the Financing Documents to which Borrower is a party and that, to the best of Borrower's knowledge, after reasonable investigation, there has occurred no default or Event of Default (as such terms are defined in each respective Financing Document) under any of the Financing Documents.

Section 5.05 *Borrower to Remain Qualified in Property Jurisdiction and Appoint Agent.* Borrower will remain duly qualified to transact business in the Property Jurisdiction and will maintain an agent in the Property Jurisdiction on whom service of process may be made in connection with any actions against Borrower.

Section 5.06 *Use of Project; Sale or Other Transfer of Project.* The Project will be used exclusively as a mixed income multifamily residential rental project and other appurtenant and related uses, which use is consistent with the zoning classification for the Project and, to the extent applicable, in accordance with Section 42 and Section 142 of the Code. Borrower may convey and transfer the Project only upon strict compliance with the provisions of the Financing Documents, and upon receipt of the prior written consent of Governmental Lender and Funding Lender Representative.

Section 5.07 *Right to Perform Borrower's Obligations.* In the event Borrower fails to perform any of its obligations under this Project Loan Agreement, Governmental Lender, Fiscal Agent, Loan Servicer, if

any and/or Funding Lender Representative, after giving requisite notice, if any, and subject to Section 5.05 of the Funding Loan Agreement, may, but shall be under no obligation to, perform such obligation and pay all costs related thereto, and all such costs so advanced shall become an additional obligation of Borrower hereunder, payable on demand and if not paid on demand with interest thereon at the default rate of interest payable under the Project Loan Documents.

Section 5.08 *Notice of Event of Default and of Certain Other Events.*

- (a) Borrower shall promptly advise Governmental Lender, Fiscal Agent, Funding Lender Representative and Loan Servicer, if any, in writing of the occurrence of any of the following:
 - (i) Any Event of Default hereunder or any event which, with the passage of time or service of notice or both, would constitute an Event of Default, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto.
 - (ii) Any other fact or circumstance affecting Borrower or the Project that materially and adversely affects Borrower's ability to meet its obligations hereunder or under any of the other Financing Documents to which it is a party.
- (b) Borrower shall also promptly advise Governmental Lender and Funding Lender Representative in writing of any of the following:
 - (i) Any lien affecting the Project, or any part thereof, other than liens expressly permitted by the Project Loan Documents.
 - (ii) Upon giving or receipt thereof, copies of any notices, certificates or other communications delivered at the Project or to Borrower or managing members naming Governmental Lender and/or Funding Lender as addressee or which could reasonably be deemed to affect the structural integrity of the Project or the ability of Borrower to perform its obligations under the Financing Documents.
 - (iii) Any notice of default, alleged default or potential default on the part of Borrower received from any tenant or occupant of the Project under or relating to its lease or occupancy agreement (together with a copy of any such notice), if, in the aggregate, notices from at least fifteen percent (15%) of the tenants at the Project have been received by Borrower with respect to, or alleging, the same default, alleged default or potential default.

Section 5.09 *Survival of Covenants.* The provisions of Sections 2.04, 2.05, 4.02, 4.03, 6.01 and 7.04 hereof shall survive the expiration or earlier termination of this Project Loan Agreement and, with regard to Fiscal Agent, the resignation or removal of Fiscal Agent.

Section 5.10 *Access to Project; Records.* Subject to reasonable notice and the rights of tenants at the Project, Governmental Lender, Fiscal Agent, Loan Servicer, if any, and Funding Lender Representative, and the respective duly authorized agents of each, shall have the right (but not any duty or obligation) at all reasonable times and during normal business hours to do any of the following:

- (a) Enter the Project and any other location containing the records relating to Borrower, the Project, the Loans and Borrower's compliance with the terms and conditions of the Financing Documents.

- (b) Inspect and audit any and all of Borrower's records or accounts pertaining to Borrower, the Project, the Loans and Borrower's compliance with the terms and conditions of the Financing Documents.
- (c) Require Borrower, at Borrower's sole expense, (i) to furnish such documents to Governmental Lender, Fiscal Agent, Loan Servicer, if any, and Funding Lender Representative, as Governmental Lender, Fiscal Agent, Loan Servicer or Funding Lender Representative, as the case may be, from time to time, deems reasonably necessary in order to determine that the provisions of the Financing Documents have been complied with and (ii) to make copies of any records that Governmental Lender, Fiscal Agent, Loan Servicer or Funding Lender Representative or the respective duly authorized agents of each, may reasonably require.

Borrower shall make available to Governmental Lender, Fiscal Agent, Loan Servicer, if any, and Funding Lender Representative, such information concerning the Project, the Security Instrument and the Financing Documents as any of them may reasonably request.

Section 5.11 *Regulatory Agreement.* The covenants of Borrower in the Regulatory Agreement shall be deemed to constitute covenants of Borrower running with the land and an equitable servitude for the benefit of Governmental Lender and Funding Lender and shall be binding upon any owners of the Project until such time as such restrictions expire as provided in the Regulatory Agreement. Borrower covenants to file of record the Regulatory Agreement and such other documents, and to take such other steps as are necessary in order to assure that the restrictions contained in the Regulatory Agreement will, subject to the terms of the Regulatory Agreement, be binding upon all owners of the Project. Borrower covenants to include such restrictions or a reference to such restrictions in any documents transferring any interest in the Project to another to the end that such transferee has notice of, and is bound by, the Regulatory Agreement. Subject to the provisions of Section 7.06 of this Project Loan Agreement, Governmental Lender and Fiscal Agent shall have the right to seek specific performance of or injunctive relief to enforce the requirements of any covenants of Borrower contained in the Regulatory Agreement.

Section 5.12 *Damage, Destruction and Condemnation.* If prior to payment in full of the Funding Loan (or provision for payment in full of the Funding Loan in accordance with the provisions of the Funding Loan Agreement) the Project or any portion of it 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 of it shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, or shall be transferred pursuant to an agreement or settlement in lieu of eminent domain proceedings, Borrower shall nevertheless be obligated to continue to pay the amounts specified in this Project Loan Agreement and in the Project Note to the extent the Project Loan is not prepaid in full in accordance with the terms of the Project Loan Documents.

Section 5.13 *Obligation of Borrower to Construct the Project.* Borrower shall proceed with reasonable dispatch (and in no event later than required under the Financing Documents) to complete the acquisition, rehabilitation, development and equipping of the Project as required by the Financing Documents. If amounts on deposit in the Project Loan Fund designated for the Project and available to be disbursed to Borrower are not sufficient to pay the costs of such construction, development and equipping, Borrower shall pay such additional costs from its own funds. Borrower shall not be entitled to any reimbursement from Governmental Lender, Fiscal Agent, Loan Servicer, Funding Lender Representative or Funding Lender in respect of any such additional costs or to any diminution or abatement in the repayment of the Project Loan. None of Fiscal Agent, Governmental Lender, Funding Lender, Funding Lender Representative or Loan Servicer makes any representation or warranty, either express or implied, that money, if any, which will be paid into the Project Loan Fund or otherwise made available to Borrower will be sufficient to complete the

Project, and none of Fiscal Agent, Governmental Lender, Funding Lender, Funding Lender Representative or Loan Servicer shall be liable to Borrower or any other person if for any reason the Project is not completed.

Section 5.14 Filing of Financing Statements. Borrower shall file or record or cause to be filed or recorded on or prior to the Delivery Date all UCC financing statements which are required to be filed or recorded in order fully to protect and preserve the security interests relating to the priority of the Project Loan, the Funding Loan, the Pledged Security and the Security Instrument, and the rights and powers of Governmental Lender, Fiscal Agent and Funding Lender in connection with such security interests. Borrower shall cooperate with Fiscal Agent in connection with the filing of any continuation statements for the purpose of continuing without lapse the effectiveness of such financing statements; *provided, however,* that Fiscal Agent shall only file or record, or cause to be filed or recorded, those UCC continuation statements on which Fiscal Agent is named as a secured party or additional secured party for financing statements that have been delivered to Fiscal Agent, at Borrower's expense.

Section 5.15 Taxes and Other Charges. Borrower shall pay all Taxes and other similar charges, interest or penalties ("*Other Charges*") as the same become due and payable in accordance with the Security Instrument, except to the extent that the amount, validity or application thereof is being contested in good faith as permitted by the Security Instrument.

Borrower covenants to pay all taxes and other charges of any type or character charged to Governmental Lender or to Fiscal Agent affecting the amount available to Governmental Lender or Fiscal Agent from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and other charges assessed having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of Fiscal Agent or Governmental Lender and taxes based upon or measured by the net income of Fiscal Agent or Governmental Lender; *provided, however,* that Borrower shall have the right to protest any such taxes or other charges and to require Governmental Lender or Fiscal Agent, at Borrower's expense, to protest and contest any such taxes or other charges levied upon them and that Borrower shall have the right to withhold payment of any such taxes or other charges pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of Governmental Lender or Fiscal Agent. This obligation shall remain valid and in effect notwithstanding repayment of the loan hereunder or termination of this Project Loan Agreement or the Funding Loan Agreement.

Section 5.16 Repairs, Maintenance and Physical Condition. Borrower shall cause the Project to be maintained in a good, habitable and safe (so as to not threaten the health or safety of the Project's tenants or their invited guests) condition and repair (reasonable wear and tear excepted) as set forth in the Security Instrument and shall not remove, demolish or materially alter the improvements or equipment (except for removal of aging or obsolete equipment or furnishings in the normal course of business), except as provided in the Security Instrument.

Section 5.17 Environmental Matters. So long as Borrower owns or is in possession of the Project, Borrower shall (a) keep the Project in compliance with all environmental laws, (b) promptly notify Funding Lender, Governmental Lender and Loan Servicer, if any, if Borrower shall become aware that any hazardous materials are on or near the Project in violation of applicable laws, and (c) commence and thereafter diligently prosecute to completion all remedial work necessary with respect to the Project required under any such laws, in each case as set forth in the Security Instrument or the Loan Disbursement Agreement.

Section 5.18 Litigation. Borrower shall give prompt written notice to Governmental Lender, Loan Servicer, if any, Fiscal Agent and Funding Lender Representative of any litigation, governmental proceedings or claims or investigations regarding an alleged actual violation of a legal requirement pending or, to

Borrower's knowledge, threatened against Borrower or the Project which might materially adversely affect Borrower's condition (financial or otherwise) or business or the Project.

Section 5.19 *Performance of Other Agreements.* Borrower shall observe and perform in all material respects each and every term to be observed or performed by it pursuant to the terms of any agreement or instrument affecting or pertaining to the Project.

Section 5.20 *Cooperate in Legal Proceedings.* Borrower shall cooperate fully with Governmental Lender, Funding Lender, Fiscal Agent and Loan Servicer, if any, with respect to, and permit Governmental Lender, Funding Lender, Fiscal Agent and Loan Servicer at their option, to participate in, any proceedings before any Governmental Authority that may in any way affect the rights of Governmental Lender, Funding Lender, Fiscal Agent and/or Loan Servicer under any Project Loan Document or Funding Loan Document.

Section 5.21 *Insurance.* Borrower will maintain the insurance required by the Loan Disbursement Agreement and/or the Security Instrument.

ARTICLE VI

INDEMNIFICATION

Section 6.01 *Indemnification.*

- (a) **Indemnified Losses.** To the fullest extent permitted by law, Borrower agrees to indemnify, hold harmless and defend Governmental Lender, Fiscal Agent, Loan Servicer, Funding Lender and each of their respective officers, governing commissioners, members, directors, officials, employees, attorneys and agents (collectively, the "***Indemnified Parties***"), against any and all losses, damages (including, but not limited to, consequential and punitive damages), claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, 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 federal or state securities laws or any other statutory law or at common law or otherwise (collectively, "***Losses***"), to the extent arising, directly or indirectly, out of or based upon or in any way relating to any of the following:
- (i) Any breach by Borrower of its obligations under the Financing Documents or the execution, amendment, restructuring or enforcement thereof, or in connection with transactions contemplated thereby, including the issuance, sale, transfer or resale of the Governmental Note.
 - (ii) Any act or omission of Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Project Loan or 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, construction or equipping of, the Project or any part thereof.
 - (iii) Any accident, injury to, or death of persons or loss of or damage to property occurring in, on or about the Project or any part thereof.
 - (iv) Any lien (other than liens permitted under the Loan Disbursement Agreement) or charge upon payments by Borrower to Governmental Lender, Fiscal Agent or Loan Servicer hereunder, or any Taxes (including, without limitation, all ad valorem taxes

and sales taxes), assessments, impositions and other charges imposed on Governmental Lender or Fiscal Agent in respect of any portion of the Project (other than income and similar taxes on fees received or earned in connection therewith).

- (v) Any violation of any environmental law, rule or regulation with respect to, or the release of any hazardous materials from, the Project or any part thereof.
 - (vi) The enforcement of, or any action taken by Governmental Lender, Fiscal Agent or Funding Lender Representative related to remedies under this Project Loan Agreement, the Funding Loan Agreement or any other Financing Document.
 - (vii) Any untrue statement of a material fact or alleged untrue statement of a material fact by Borrower contained in any offering statement or document for the Governmental Note or any of the Financing Documents to which Borrower is a party, or any omission or alleged omission by Borrower of a material fact from any offering statement or document for the Governmental Note necessary to be stated therein in order to make the statements made therein by Borrower, in the light of the circumstances under which they were made, not misleading.
 - (viii) Any declaration of taxability of interest on the Governmental Note or allegations (or regulatory inquiry) that interest on the Governmental Note is includable in the gross income of the holders thereof for federal income tax purposes.
 - (ix) Any audit or inquiry by the Internal Revenue Service with respect to the Project and/or the tax-exempt status of the Governmental Note.
 - (x) Fiscal Agent's acceptance or administration of the trust of the Funding Loan Agreement, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Governmental Note to which it is a party; except (A) in the case of the foregoing indemnification of Fiscal Agent, or any of its respective officers, commissioners, members, directors, officials, employees, attorneys and agents, to the extent such Losses are caused by the negligence, unlawful acts or willful misconduct of such Indemnified Party; or (B) in the case of the foregoing indemnification of Loan Servicer, Funding Lender or Governmental Lender or any of their respective officers, commissioners, members, directors, officials, employees, attorneys and agents, to the extent such Losses are caused by the gross negligence or willful misconduct of such Indemnified Party.
- (b) **Procedures.** In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, Borrower, upon written notice from such Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected or approved 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 such 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 to participate in the investigation and defense thereof. Borrower shall pay the reasonable fees and expenses of such separate counsel; *provided, however*, that such Indemnified Party may employ separate counsel at the expense of Borrower only if, in such Indemnified Party's good faith judgment, 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.

- (c) **Borrower to Remain Obligated.** Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Project Loan Agreement, the Loan Disbursement Agreement and the Regulatory Agreement, Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section 6.01 for Losses with respect to any claims based on actions or events occurring prior to the date of such transfer unless (i) such subsequent owner assumed in writing at the time of such transfer all obligations of Borrower under this Section 6.01 (including obligations under this Section 6.01 for Losses with respect to any claims based on actions or events occurring prior to the date of such transfer) and (ii) any such transfer is in compliance with the requirements of the Financing Documents.
- (d) **Survival.** The provisions of this Section 6.01 shall survive the termination of this Project Loan Agreement.

Section 6.02 *Limitation with Respect to Funding Lender.* Notwithstanding anything in this Project Loan Agreement to the contrary, in the event that Funding Lender (or its nominee) shall become the owner of the Project as a result of a foreclosure or a deed in lieu of foreclosure, or comparable conversion of the Project Loan, Funding Lender (or its nominee) shall not be liable for any breach or default of any prior owner of the Project under this Project Loan Agreement and shall only be responsible for defaults and obligations incurred or occurring during the period that Funding Lender (or its nominee) is the owner of the Project. Accordingly, during any period that Funding Lender (or its nominee) owns the Project and that this Article VI is applicable to Funding Lender (or its nominee), Funding Lender's (or its nominee's) obligations under this Article VI shall be limited to acts and omissions of Funding Lender (or its nominee) occurring during the period of Funding Lender's (or its nominee's) ownership of the Project.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01 *Events of Default.* The occurrence of any one or more of the following will constitute an Event of Default under this Project Loan Agreement:

- (a) Any representation or warranty made by Borrower in the Financing Documents or any certificate, statement, data or information furnished by Borrower in connection therewith or included by Borrower in its application to Governmental Lender for assistance proves at any time to have been incorrect when made in any material respect.
- (b) Failure by Borrower to pay any amounts due under this Project Loan Agreement or the Project Note at the times and in the amounts required by this Project Loan Agreement or the Project Note, as applicable.
- (c) Borrower shall fail to observe or perform any other term, covenant, condition or agreement (after taking into account any applicable cure period) set forth in this Project Loan Agreement, which failure continues for a period of 30 days after notice of such failure by Governmental Lender, Fiscal Agent or Funding Lender Representative to Borrower (unless such default cannot with due diligence be cured within 30 days but can be cured within a reasonable period and will not, in Funding Lender Representative's sole discretion, adversely affect Funding Lender or result in impairment of this Project Loan Agreement or any other Financing Document, in which case no Event of Default shall be deemed to exist so long as Borrower shall have commenced to cure the default or Event of Default within 30 days after receipt of notice, and thereafter diligently and continuously prosecutes such cure to completion); provided, however, no such notice or grace periods shall apply in the case of any such failure

which could, in Funding Lender Representative's judgment, absent immediate exercise by Funding Lender Representative of a right or remedy under this Project Loan Agreement, result in harm to Funding Lender, or impairment of this Project Loan Agreement or any other Financing Document.

- (d) The occurrence of a Default under the Loan Disbursement Agreement or the Security Instrument (after taking into account any applicable cure period thereunder) shall at the discretion of Funding Lender Representative constitute an Event of Default under this Project Loan Agreement but only if Fiscal Agent is provided written notice by Funding Lender Representative that an Event of Default has occurred under such Financing Document and Fiscal Agent is instructed by Funding Lender Representative that such default constitutes an Event of Default hereunder. The occurrence of an Event of Default hereunder shall in the discretion of Funding Lender Representative constitute a default under the other Financing Documents.

Nothing contained in this Section 7.01 is intended to amend or modify any of the provisions of the Financing Documents or to bind Governmental Lender, Fiscal Agent, Loan Servicer or Funding Lender Representative to any notice and cure periods other than as expressly set forth in the Financing Documents.

Notwithstanding the foregoing, copies of all notices of default or failure sent to the Borrower shall simultaneously be sent to Equity Investor, and Equity Investor shall have the right (but not the obligation) to cure such default or failure on behalf of the Borrower, subject to the same limitations applicable to the Borrower. Any cure made or tendered by Equity Investor hereunder will be accepted or rejected by Governmental Lender, Fiscal Agent or Funding Lender Representative, as applicable, on the same basis as if made by directly by Borrower.

Section 7.02 Remedies on Default. Subject to Section 7.06 hereof, whenever any Event of Default hereunder shall have occurred and be continuing, Funding Lender (or Fiscal Agent at the direction of Funding Lender), may take any one or more of the following remedial steps:

- (a) Such action, without notice or demand, as Funding Lender deems advisable to protect and enforce its rights against Borrower and in and to the Project, including declaring the Project Loan to be immediately due and payable (including, without limitation, declaring the principal of, Prepayment Premium, if any, and interest on and all other amounts due on the Project Note to be immediately due and payable).
- (b) Without being required to give any notice (other than to Governmental Lender or Fiscal Agent, as applicable), except as provided herein, pursue all remedies of a creditor under the laws of the State, as supplemented and amended, or any other applicable laws.
- (c) Whatever action at law or in equity may appear necessary or desirable to collect the payments under this Project Loan Agreement then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of Borrower under this Project Loan Agreement.

In addition, subject to Section 7.06 hereof, Governmental Lender and Fiscal Agent may pursue remedies with respect to the Unassigned Rights. Any amounts collected pursuant to Article IV hereof and any other amounts which would be applicable to payment of principal of, Prepayment Premium, if any, and interest on the Funding Loan collected pursuant to action taken under this Section 7.02 shall be applied in accordance with the provisions of the Funding Loan Agreement.

Section 7.03 *No Remedy Exclusive.* Upon the occurrence of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available against Borrower hereunder or under the Financing Documents or otherwise at law or in equity may be exercised by Funding Lender (or Fiscal Agent at the direction of Funding Lender), at any time and from time to time, whether or not Funding Lender has accelerated the Project Loan, and whether or not Funding Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Financing Documents. No remedy conferred upon or reserved to Funding Lender or Fiscal Agent by this Project Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Project Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Funding Lender (or Fiscal Agent at the direction of Funding Lender) 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 expressly required by this Project Loan Agreement.

Section 7.04 *Agreement to Pay Attorneys' Fees and Expenses.* In the event Borrower shall default under any of the provisions of this Project Loan Agreement and Governmental Lender, Fiscal Agent, Loan Servicer or Funding Lender Representative shall employ attorneys or incur other expenses for the collection of loan payments or the enforcement of performance or observance of any obligation or agreement on the part of Borrower contained in this Project Loan Agreement or in the Project Note, Borrower shall on demand therefor reimburse the reasonable fees of such attorneys and such other expenses so incurred.

Section 7.05 *No Additional Waiver Implied by One Waiver.* In the event any agreement contained in this Project Loan Agreement shall be breached by any party and thereafter waived by the other parties, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.06 *Control of Proceedings.*

- (a) Notwithstanding anything to the contrary herein, Funding Lender Representative shall have the sole and exclusive right at any time to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Project Loan Agreement, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of this Project Loan Agreement. In addition, Funding Lender Representative shall have the sole and exclusive right at any time to directly enforce all rights and remedies hereunder and under the other Financing Documents with or without the involvement of Fiscal Agent or Governmental Lender. In no event shall the exercise of any of the foregoing rights result in an acceleration of the Project Loan without the express direction of Funding Lender Representative.
- (b) Governmental Lender and Fiscal Agent covenant that they will not, without the prior written consent of Funding Lender Representative, take any of the following actions:
 - (i) Prosecute any action with respect to a lien on the Project.
 - (ii) Initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of Borrower to timely pay the principal of, interest on, or other amounts due under, the Project Loan.

- (iii) Interfere with or attempt to influence the exercise by Funding Lender Representative of any of its rights under the Financing Documents upon the occurrence of any event of default or default, as applicable, by Borrower under the Financing Documents.
 - (iv) Take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Project Loan or the Funding Loan.
- (c) Notwithstanding Sections 7.06(a) and 7.06(b) hereof, Governmental Lender or Fiscal Agent may take one or both of the following actions:
- (i) Specifically enforce the tax covenants of Borrower specified in Sections 2.04 and 2.05 hereof or seek injunctive relief against acts which may be in violation thereof.
 - (ii) Specifically enforce the Regulatory Agreement or seek injunctive relief against acts which may be in violation of the Regulatory Agreement or are otherwise inconsistent with the operation of the Project in accordance with applicable requirements of the Internal Revenue Code and state law (but in neither the case of subsection (c)(i) above or this subsection (c)(ii) may Governmental Lender or Fiscal Agent seek any form of monetary damages from Borrower in connection with such enforcement).

In addition, notwithstanding Sections 7.06(a) and 7.06(b) hereof, Governmental Lender and Fiscal Agent may seek specific performance of the other Unassigned Rights (provided no monetary damages are sought), and nothing herein shall be construed to limit the rights of Governmental Lender, Fiscal Agent or any Indemnified Party related to Governmental Lender or Fiscal Agent under Section 6.01 (each a “**Related Indemnified Party**”) to enforce their respective rights against Borrower under Sections 4.02, 4.03, 6.01 and 7.04 hereof, provided that no obligation of Borrower to Governmental Lender, Fiscal Agent or any Related Indemnified Party under such sections shall be secured by or in any manner constitute a lien on, or security interest in, the Project, whether in favor of Governmental Lender, Fiscal Agent or any Related Indemnified Party, and all such obligations are and shall be subordinate in priority, in right to payment and in all other respects to all other obligations, liens, rights (including without limitation the right to payment) and interests arising or created under the Financing Documents (except for Fiscal Agent’s right to receive payment of Fiscal Agent’s Extraordinary Fees and Expenses pursuant to Section 6.05(a) of the Funding Loan Agreement after an Event of Default with respect to the Funding Loan, which Fiscal Agent’s Extraordinary Fees and Expenses shall be payable as provided thereunder). Accordingly, none of Governmental Lender, Fiscal Agent or any Related Indemnified Party shall have the right to enforce any monetary obligation arising under such sections other than directly against Borrower, without recourse to the Project. In addition, any such enforcement must not cause Borrower to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of Borrower under any applicable liquidation, insolvency, bankruptcy, rehabilitation, composition, reorganization, conservation or other similar law in effect now or in the future.

Section 7.07 Assumption of Obligations. In the event that Fiscal Agent or Funding Lender or their respective assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of Borrower under this Project Loan Agreement, the Project Note, the Regulatory Agreement, and any other Financing Documents to which Borrower is a party or with respect to which it is a third-party beneficiary. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of Borrower.

ARTICLE VIII

MISCELLANEOUS

Section 8.01 *Notices.*

- (a) Whenever in this Project Loan Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to Governmental Lender, Fiscal Agent, Funding Lender Representative, Borrower or Loan Servicer shall be sufficiently given and shall be deemed given (unless another form of notice shall be specifically set forth herein) on the Business Day following the date on which such notice or other communication shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt from such overnight delivery service) addressed to the appropriate party at the addresses set forth in Section 10.04 of the Funding Loan Agreement or as required or permitted by this Project Loan Agreement by Electronic Instruction and Notice. Governmental Lender, Fiscal Agent, Funding Lender Representative, Borrower or Loan Servicer may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

A duplicate copy of each notice or other communication given hereunder by any party to Loan Servicer shall also be given to Funding Lender Representative and a duplicate copy of each notice or other communication given hereunder by any party to Funding Lender Representative shall be given to Loan Servicer.

Fiscal Agent agrees to accept and act upon Electronic Instruction and Notice of written instructions and/or directions pursuant to this Project Loan Agreement.

- (b) Fiscal Agent shall provide to Funding Lender Representative, Equity Investor and Loan Servicer (i) prompt notice of the occurrence of any Event of Default hereunder and (ii) any written information or other communication received by Fiscal Agent hereunder within ten (10) Business Days of receiving a written request from Funding Lender Representative for any such information or other communication.

Section 8.02 *Concerning Successors and Assigns.* All covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the financing herein contemplated and shall continue in full force and effect so long as the obligations hereunder are outstanding. Whenever in this Project Loan Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of Borrower which are contained in this Project Loan Agreement shall bind its successors and assigns and inure to the benefit of the successors and assigns of Governmental Lender, Fiscal Agent, Loan Servicer, Funding Lender and Funding Lender Representative, as applicable.

Section 8.03 *Governing Law.* This Project Loan Agreement shall be construed in accordance with and governed by the internal laws of the Property Jurisdiction and, where applicable, the laws of the United States of America.

Section 8.04 *Modifications in Writing.* Modification or the waiver of any provisions of this Project Loan Agreement or consent to any departure by the parties therefrom, shall in no event be effective unless the same shall be in writing approved by the parties hereto and shall require the prior written consent of Funding Lender Representative and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on Borrower in any case shall entitle it to any other or further notice or demand in the same circumstances.

Section 8.05 *Further Assurances and Corrective Instruments.* Governmental Lender, Fiscal Agent and Borrower agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required (including such supplements or further instruments requested by Funding Lender Representative) for correcting any inadequate or incorrect description of the performance of this Project Loan Agreement.

Section 8.06 *Captions.* The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Project Loan Agreement.

Section 8.07 *Severability.* The invalidity or unenforceability of any provision of this Project Loan Agreement shall not affect the validity of any other provision, and all other provisions shall remain in full force and effect.

Section 8.08 *Counterparts.* This Project Loan Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 8.09 *Amounts Remaining in Loan Payment Fund or Other Funds.* It is agreed by the parties hereto that any amounts remaining in the Loan Payment Fund or other funds and accounts established under the Funding Loan Agreement upon expiration or sooner termination of the term hereof (and the repayment in full of the Project Loan and all other amounts owing under the Project Loan Documents), shall be paid in accordance with the Funding Loan Agreement.

Section 8.10 *Effective Date and Term.* This Project Loan Agreement shall become effective upon its execution and delivery by the parties hereto, shall be effective and remain in full force from the Effective Date, and, subject to the provisions hereof, shall expire on such date as the Funding Loan Agreement shall terminate.

Section 8.11 *Cross References.* Any reference in this Project Loan Agreement to an “Exhibit,” an “Article,” a “Section,” a “Subsection” or a “Paragraph” shall, unless otherwise explicitly provided, be construed as referring, respectively, to an exhibit attached to this Project Loan Agreement, an article of this Project Loan Agreement, a section of this Project Loan Agreement, a subsection of the section of this Project Loan Agreement in which the reference appears and a paragraph of the subsection within this Project Loan Agreement in which the reference appears. All schedules and exhibits attached to or referred to in this Project Loan Agreement are incorporated by reference into this Project Loan Agreement.

Section 8.12 *Funding Lender Representative and Loan Servicer as Third-Party Beneficiaries.* The parties hereto agree and acknowledge that Funding Lender Representative and Loan Servicer are third-party beneficiaries of this Project Loan Agreement.

Section 8.13 *Supplemental Financings.* Governmental Lender and Fiscal Agent each acknowledges that Loan Servicer (if approved in writing by Funding Lender), may make additional loans to Borrower secured by additional mortgages on the Project (“*Additional Loans*”), *provided, however,* that no such Additional Loans may be made without the prior written consent of Governmental Lender as set forth in Section 6(h) of the Regulatory Agreement. Additional Loans must be subordinate to the repayment of the Project Loan by Borrower.

Section 8.14 *Non-Liability of Governmental Lender.* Governmental Lender shall not be obligated to pay the principal (or Prepayment Premium) of or interest on the Funding Loan, except from Revenues and other money and assets received by Fiscal Agent on behalf of Governmental Lender pursuant to this Project Loan Agreement. Neither the faith and credit nor the taxing power of the Property Jurisdiction or any political subdivision thereof, nor the faith and credit of Governmental Lender or any member is pledged to the payment of the principal (or Prepayment Premium) or interest on the Funding Loan. Governmental Lender shall not be 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 Project Loan Agreement, the Funding Loan or the Funding Loan Agreement, except only to the extent amounts are received for the payment thereof from Borrower under this Project Loan Agreement.

Borrower hereby acknowledges that Governmental Lender’s sole source of money to repay the Funding Loan will be provided by the payments made by Borrower pursuant to this Project Loan Agreement, together with investment income on certain funds and accounts held by Fiscal Agent under the Funding Loan Agreement, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or Prepayment Premium) and interest on the Funding Loan as the same shall become due (whether by maturity, prepayment, acceleration or otherwise), then upon notice from Fiscal Agent, Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or Prepayment Premium) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of Fiscal Agent, Borrower, Governmental Lender or any third party, subject to any right of reimbursement from Fiscal Agent, Governmental Lender or any such third party, as the case may be, therefor.

Section 8.15 *No Liability of Officers.* No recourse under or upon any obligation, covenant, or agreement or in the Governmental Note, or under any judgment obtained against Governmental Lender, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any incorporator, member, director, commissioner, employee, agent or officer, as such, past, present, or future, of Governmental Lender, either directly or through Governmental Lender, or otherwise, for the payment for or to Governmental Lender or any receiver thereof, or for or to Funding Lender, of any sum that may be due and unpaid by Governmental Lender upon the Funding Loan. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director, commissioner,

employee, agent or officer, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for or to Governmental Lender or any receiver thereof, or for or to Funding Lender, of any sum that may remain due and unpaid upon the Funding Loan, is hereby expressly waived and released as a condition of and consideration for the execution of this Project Loan Agreement and the issuance of the Governmental Note.

Section 8.16 Capacity of Fiscal Agent. Fiscal Agent is entering into this Project Loan Agreement solely in its capacity as Fiscal Agent and shall be entitled to the rights, protections, limitations from liability and immunities afforded it as Fiscal Agent under the Funding Loan Agreement. Fiscal Agent shall be responsible only for the duties of Fiscal Agent expressly set forth herein and in the Funding Loan Agreement.

Section 8.17 Reliance. The representations, covenants, agreements and warranties set forth in this Project Loan Agreement may be relied upon by Governmental Lender, Fiscal Agent, Bond Counsel, Loan Servicer, Funding Lender and Funding Lender Representative. In performing their duties and obligations under this Project Loan Agreement and under the Funding Loan Agreement, Governmental Lender and Fiscal Agent may rely upon statements and certificates of Borrower, upon certificates of tenants believed to be genuine and to have been executed by the proper person or persons, and upon audits of the books and records of Borrower pertaining to occupancy of the Project. In addition, Governmental Lender and Fiscal Agent may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by Governmental Lender or Fiscal Agent under this Project Loan Agreement and under the Funding Loan Agreement in good faith and in conformity with the opinion of such counsel. It is expressly understood and agreed by the parties to this Project Loan Agreement (other than Governmental Lender) that:

- (a) Governmental Lender may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to Governmental Lender by Fiscal Agent, Funding Lender or Borrower as to the existence of a fact or state of affairs required under this Project Loan Agreement to be noticed by Governmental Lender;
- (b) Governmental Lender shall not be under any obligation to perform any record keeping or to provide any legal service, it being understood that such services shall be performed or caused to be performed by Fiscal Agent, Funding Lender Representative, Loan Servicer or Borrower, as applicable; and
- (c) None of the provisions of this Project Loan Agreement shall require Governmental Lender or Fiscal Agent to expend or risk its own funds (apart from the proceeds of Funding Loan issued under the Funding Loan Agreement) or otherwise endure financial liability in the performance of any of its duties or in the exercise of any of its rights under this Project Loan Agreement, unless it shall first have been adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred by taking any such action.

Section 8.18 Delivery of Reports. The delivery of reports, information and documents to Governmental Lender as provided herein is for informational purposes only and Governmental Lender's receipt of such shall not constitute constructive knowledge of any information contained therein or determinable from information contained therein. Governmental Lender shall have no duties or responsibilities except those that are specifically set forth herein, and no other duties or obligations shall be implied in this Project Loan Agreement against Governmental Lender.

IN WITNESS WHEREOF, the parties hereto have executed this Project Loan Agreement as of the date first set forth above.

**RHODE ISLAND HOUSING MORTGAGE AND
FINANCE CORPORATION**, as Governmental
Lender

By

Name: Kara L Lachapelle
Title: Chief Financial Officer

*[GOVERNMENTAL LENDER'S SIGNATURE PAGE TO
LIPPITT MILL PROJECT LOAN AGREEMENT]*

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Fiscal Agent**

By _____
Name:
Title:

[FISCAL AGENT'S SIGNATURE PAGE TO LIPPITT MILL PROJECT LOAN AGREEMENT]

LIPPITT MILL RESTORATION LLC,
a Rhode Island limited liability company, as Borrower

By: **LMR MANAGING MEMBER LLC,**
a Rhode Island limited liability company,
its Managing Member

By: **MARATHON DEVELOPMENT, LLC,**
a Massachusetts limited liability company,
its Sole Member

By: _____
Harry Angevine
Authorized Member

[BORROWER'S SIGNATURE PAGE TO LIPPITT MILL PROJECT LOAN AGREEMENT]