**EXHIBIT [\_\_]**

**MODIFICATIONS TO MULTIFAMILY LOAN AND SECURITY AGREEMENT**

**(Seniors Housing - Medicaid Transition Reserve)**

The foregoing Loan Agreement is hereby modified as follows:

1. Capitalized terms used and not specifically defined herein have the meanings given to such terms in the Loan Agreement.
2. The Definitions Schedule is hereby amended by adding the following new definitions in the appropriate alphabetical order:

“**Action**” means, individually and collectively, (a) an assumption of the Mortgage Loan, (b) any Transfer requiring Lender’s consent under the Loan Agreement, or (c) any action under Section 6.02(g)(2)(D) (Medicaid Provider Agreement) of the Loan Agreement.

“**Initial Medicaid Transition Reserve Deposit**” means an amount set forth on the Summary of Loan Terms.

“**Medicaid Transition Reserve Account**” means an interest-bearing account which meets the standards for custodial accounts as required by Lender from time to time.

“**Medicaid Transition Reserve Account Interest Disbursement Frequency**” means an amount set forth on the Summary of Loan Terms.

“**Minimum Medicaid Transition Reserve Deposit**” means an amount equal to the Initial Medicaid Transition Reserve Deposit unless otherwise changed by Lender pursuant to the provisions of Section [\_\_].02(a)(3) (Adjustment to Medicaid Transition Reserve Deposit) below.

“**P/I Shortfall**” means any Shortfall relating to the payment of principal and/or interest due under the Loan Documents.

“**Shortfall**” means (a) operating expenses, or (b) amounts payable under the Note or other Loan Documents that, in either case, cannot be funded from the operation of the Mortgaged Property.

3. The following article is hereby added to the Loan Agreement as Article [\_\_\_] (Medicaid Transition Reserve):

**ARTICLE** **[\_\_\_] –** MEDICAID TRANSITION RESERVE

## **Section [\_\_].01** Covenants.

### (a) Initial Deposit to Medicaid Transition Reserve Account.

On the Effective Date, in order to mitigate the risk associated with withholding, termination, or delay in the receipt of any funding under the Medicaid Program prior to the maturity date of the Mortgage Loan, Borrower shall pay to Lender the Initial Medicaid Transition Reserve Deposit for deposit into the Medicaid Transition Reserve Account.

**(b)** **Administrative Fees and Expenses.**

Borrower shall pay within ten (10) days of request from Lender (1) all reasonable costs and expenses incurred by Lender in connection with collecting, holding and disbursing funds from the Medicaid Transition Reserve Account pursuant to this Article [\_\_] (Medicaid Transition Reserve), and (2) all reasonable fees, charges, costs and expenses incurred by Lender in connection with any inspections made by Lender or Lender’s representatives in carrying out Lender’s responsibility to make certain determinations under this Article [\_\_] (Medicaid Transition Reserve). In addition, Borrower agrees to pay, within ten (10) days of request from Lender, all costs and expenses incurred by Lender (including but not limited to court costs and attorneys’ fees and expenses) in exercising any of Lender’s rights or obligations pursuant to the terms of this Loan Agreement or holding the funds in the Medicaid Transition Reserve Account.

## **Section [\_\_].02 Mortgage Loan Administration Matters Regarding Medicaid Transition Reserve Account.**

### (a) Accounts, Deposits and Disbursements.

### (1) Custodial Account.

The Medicaid Transition Reserve Account shall be deemed a Collateral Account under this Loan Agreement and shall be an interest-bearing account that meets the standards for custodial accounts as required by Lender from time to time. Lender shall not be responsible for any losses resulting from the investment of the funds on deposit in the Medicaid Transition Reserve Account or for obtaining any specific level or percentage of earnings on such investment. All interest earned on funds in the Medicaid Transition Reserve Account shall be added to and become part of such Medicaid Transition Reserve Account; provided, however, if applicable law requires, and so long as no Event of Default has occurred and is continuing under any of the Loan Documents, Lender shall pay to Borrower the interest earned on the Medicaid Transition Reserve Account not less frequently than the Medicaid Transition Reserve Account Interest Disbursement Frequency.

**(2) Disbursements by Lender Only.**

Only Lender or a designated representative of Lender may make disbursements from the Medicaid Transition Reserve Account. Disbursements shall only be made upon Borrower request and after satisfaction of all conditions for disbursement.

**(3) Adjustment to Medicaid Transition Reserve Deposits.**

If an Action shall occur or be contemplated, Lender may review the amounts on deposit in the Medicaid Transition Reserve Account. Based upon that review, Lender may increase the Minimum Medicaid Transition Reserve Deposit and require an additional deposit to the Medicaid Transition Reserve Account as a condition to Lender’s consent to such Action. Within five (5) Business Days of receipt of written notice from Lender, Borrower shall pay to Lender such additional deposit for deposit into the Medicaid Transition Reserve Account.

**(4)** **Disbursements from Medicaid Transition Reserve Account.**

**(A) Disbursement for Shortfall.**

Upon a written request from Borrower and satisfaction of the terms of Section [\_\_].02(a)(4)(B) (Disbursement Requests) below, Lender shall disburse funds from the Medicaid Transition Reserve Account to pay a Shortfall or for the payment of any other expenses that Lender deems necessary or desirable to be incurred in connection with the Mortgaged Property. Subject to conditions set forth in Section [\_\_].02(a)(4)(B) (Disbursement Requests) below with respect to any P/I Shortfall, Lender shall make a Shortfall disbursement from the Medicaid Transition Reserve Account and apply it to such P/I Shortfall. For any other Shortfall, and subject to the conditions set forth in Section [\_\_].02(a)(4)(B) (Disbursement Requests) below, Lender shall make a disbursement from the Medicaid Transition Reserve Account to either (i) apply such disbursement against Borrower’s obligations under the Loan Documents, or (ii) forward such disbursement to Borrower to be applied toward such Shortfall.

Nothing in this Loan Agreement shall obligate Lender to apply all or any portion of the funds in the Medicaid Transition Reserve Account to cure any Event of Default or to reduce the Indebtedness.

Lender shall not disburse funds from the Medicaid Transition Reserve Account for any costs which are to be reimbursed from any Reserve/Escrow Account or other Collateral Account. Disbursement from the Medicaid Transition Reserve Account shall not be made more frequently than once a month.

### (B) Disbursement Requests.

(1) Each request for disbursement from the Medicaid Transition Reserve Account shall be in writing and must be received by Lender no later than ten (10) Business Days before the requested date of disbursement (or with respect to any P/I Shortfall, ten (10) Business Days before the next Monthly Debt Service Payment date). Each request shall:

(i) specify the amount of the disbursement that Borrower requires to cover the Shortfall;

(ii) unless already delivered to Lender, include certified current financial statements from Borrower’s operation of the Mortgaged Property, for the prior month and all months since the last quarterly reporting submitted to Lender, and reconciled bank statements for the three (3) months preceding such request;

(iii) include a written explanation of the circumstances causing such Shortfall, together with Borrower’s written plans, to the extent available, to correct such circumstances;

(iv) include a certification by Borrower that no Event of Default has occurred and is continuing under the Loan Documents (other than an Event of Default that would be cured with the disbursement to fund the Shortfall); and

(v) include such other information regarding the Mortgaged Property as Lender reasonably requests (collectively, the “**Disbursement Request Supporting Information**”).

(2) Lender shall review the Disbursement Request Supporting Information to verify the amount of the Shortfall. Lender may adjust the requested amount of the disbursement from the Medicaid Transition Reserve Account if Borrower’s calculation of the amount of the Shortfall or the required disbursement is incorrect.

(3) Borrower hereby acknowledges and agrees that any disbursement from the Medicaid Transition Reserve Account by Lender shall be in accordance with the terms set forth in this Section [\_\_].02(a) (Accounts, Deposits and Disbursements). Borrower authorizes and directs Lender to make disbursements from the Medicaid Transition Reserve Account and to apply such disbursements against any Shortfall payable to Lender and to disburse funds to Borrower for any other Shortfall. All disbursements shall be expressly conditioned upon no Event of Default (other than an Event of Default that would be cured with the requested disbursement) or event or condition, which with the giving of notice or the passage of time, or both, would give rise to an Event of Default (other than any resulting Event of Default that would be cured with the requested disbursement), existing at either the time Borrower requests a disbursement from the Medicaid Transition Reserve Account or the time of such disbursement. Borrower is and shall remain obligated and responsible for the payment of all amounts due under the Loan Documents regardless of whether any disbursements from the Medicaid Transition Reserve Account are made by Lender pursuant to the terms of this Loan Agreement.

**(5) Replenishment of Medicaid Transition Reserve Account.**

#### If the amounts held in the Medicaid Transition Reserve Account are less than the Minimum Medicaid Transition Reserve Deposit and there is no Shortfall, Borrower shall make an additional deposit to the Medicaid Transition Reserve Account on a monthly basis equal to the lesser of (i) the amount needed to restore the Medicaid Transition Reserve Account to the amount of the Minimum Medicaid Transition Reserve Deposit or (ii) the amount by which the Net Cash Flow exceeds the total of the Monthly Debt Service Payment and other amounts and monthly deposits payable under the Loan Documents.

#### (6) Final Disbursements.

Upon payment in full of the Indebtedness and release by Lender of the lien of the Security Instrument, Lender shall disburse to Borrower any and all amounts then remaining in the Medicaid Transition Reserve Account (if not previously released).

### (b) Lender as Attorney-in-Fact.

Borrower hereby authorizes and appoints Lender as attorney-in-fact pursuant to Section 14.03(c) (Appointment of Lender as Attorney-In-Fact).

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