**EXHIBIT [\_\_\_]**

**MODIFICATIONS TO MULTIFAMILY LOAN AND SECURITY AGREEMENT**

**(Expanded Housing Choice)**

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:

“**Baseline Fair Housing Testing**” means the initial Fair Housing Testing required pursuant to Section [\_\_].02(c)(1) (Housing Choice Vouchers – Covenants – Compliance with Fair Housing Testing; Fair Housing Training) or any Fair Housing Testing performed after Borrower passes any Subsequent Fair Housing Testing required in accordance with Section [\_\_].02(c)(3) (Housing Choice Vouchers – Covenants – Compliance with Fair Housing Testing; Fair Housing Training).

“**Fair Housing Testing**” means the use of individuals who, without a bona fide intent to rent housing, pose as prospective tenants for the purpose of gathering information related to Borrower’s compliance with the provisions of Section [\_\_].02 (Housing Choice Vouchers – Covenants), which testing shall be conducted with respect to the Mortgaged Property by or on behalf of Lender at any time and from time to time, without prior notice or disclosure to Borrower.

“**Fair Housing Training**” means training to address Source of Income Discrimination against housing applicants and tenants using Housing Choice Vouchers and designed to improve Borrower’s compliance with the provisions of Section [\_\_].02 (Housing Choice Vouchers – Covenants).

“**Housing Choice Voucher**” means any voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1938, as amended, 42 U.S.C. §1437f.

“**Source of Income Discrimination**” means the practice of refusing to rent to housing applicants because of their lawful form of income, including Housing Choice Vouchers.

“**Subsequent Fair Housing Testing**” means the Fair Housing Testing required after the occurrence of any mandatory Fair Housing Training pursuant to Section [\_\_].02(c)(2) (Housing Choice Vouchers – Covenants – Compliance with Fair Housing Testing; Fair Housing Training).

“**Testing Violation**” has the meaning set forth in Section [\_\_].02(c)(2).

1. Section 6.03(a) (Mortgage Loan Administration Matters Regarding the Property – Property Management) of the Loan Agreement is hereby amended and restated in its entirely as follows:
   1. **Property Management.**

From and after the Effective Date, each property manager and each property management agreement must be approved by Lender. Each property management agreement must require the property manager to (1) accept Housing Choice Vouchers for the payment of rent and other lawful charges, (2) comply with all requirements of the Housing Choice Voucher program, including execution of one or more Housing Assistance Payments (“**HAP**”) contracts, inspections, and repairs, and (3) prohibit the property manager from discriminating against applicants, tenants, their family members and occupants based solely on the use of Housing Choice Vouchers for the payment of rent and other lawful charges, including (A) applying stricter screening standards; (B) charging larger security deposits, rent or fees; or (C) subjecting them to additional community rules. If, in connection with the making of the Mortgage Loan, or at any later date, Lender waives in writing the requirement that Borrower enter into a written contract for management of the Mortgaged Property, and Borrower later elects to enter into a written contract or change the management of the Mortgaged Property, such new property manager or the property management agreement must be approved by Lender. As a condition to any approval by Lender, Lender may require that Borrower and such new property manager enter into a collateral assignment of the property management agreement on a form approved by Lender.

1. Section 8.02(b)(2) (Items to Furnish to Lender) is hereby amended by adding the following new subsection (I) to the end thereof:

(I) a written certification:

(i) stating the number of rental applications received from a tenant or a prospective tenant seeking to use a Housing Choice Voucher during the last calendar year, the current status of each application, and an explanation for denying any application seeking to use a Housing Choice Voucher; and

(ii) attaching:

(1) a rent schedule that identifies each unit for which rent is paid using a Housing Choice Voucher and the monthly rent for such unit; and

(2) if requested by Lender, complete lease files for any tenant using a Housing Choice Voucher.

1. Section 8.02(b)(3) (Items to Furnish to Lender) of the Loan Agreement is hereby amended and restated in its entirely as follows:

#### (3) within forty-five (45) days after the end of each first, second, and third calendar quarter and within one hundred twenty (120) days after the end of each calendar year, and at any other time upon Lender’s written request, a rent schedule for the Mortgaged Property showing the name of each tenant and for each tenant, the space occupied, the lease expiration date, the rent payable for the current month, the date through which rent has been paid, each unit for which rent was paid with a Housing Choice Voucher and any related information requested by Lender;

1. Section 8.02(b)(4) (Items to Furnish to Lender) of the Loan Agreement is hereby amended and restated in its entirely as follows:

#### (4) upon Lender’s written request, thereafter furnish to Lender within ten (10) Business Days after the end of each month, until the end of the Loan Term, complete and accurate rent schedule data for the Mortgaged Property, including an indication of each unit paying rent with a Housing Choice Voucher;

1. Section 14.01(a) (Defaults/Remedies – Events of Default – Automatic Events of Default) of the Loan Agreement is hereby amended by adding the following provision to the end thereof:

#### ([\_\_]) any failure by Borrower to comply with Section [\_\_].01 (Housing Choice Vouchers – Representations and Warranties) or a failure to comply with the provisions of Section [\_\_].02(c)(2) and (c)(3) (Housing Choice Vouchers – Covenants) of this Loan Agreement.

1. Section 14.02 (Defaults/Remedies – Remedies) of the Loan Agreement is hereby amended by adding the following subsection to the end thereof:

**[(\_\_)] Housing Choice Vouchers Payment.**

For and in consideration of Borrower agreeing to implement certain agreed upon Housing Choice Vouchers covenants at the Mortgaged Property, Lender has granted Borrower a pricing incentive in the **[DRAFTING NOTE: INSERT AS APPLICABLE: Fixed Rate/Adjustable Rate]** over the term of the Mortgage Loan equal to [**DRAFTING NOTE: INSERT THE TOTAL PRICING INCENTIVE OVER THE TERM OF THE MORTGAGE LOAN** $\_\_\_\_\_\_] (the “**Pricing Incentive**”). If Borrower fails to comply with the provisions of Section [\_\_].01 (Housing Choice Vouchers – Representations and Warranties) or Section [\_\_].02(c)(2) and (c)(3) (Housing Choice Vouchers – Covenants) of this Loan Agreement, which failure constitutes an Event of Default under this Loan Agreement, Borrower shall reimburse Lender, within ten (10) days after written demand, (1) the Pricing Incentive plus (2) any and all additional incentives, discounts, rebates, costs, expenses and fees provided by Lender or incurred by Lender in connection with the granting of such Pricing Incentive (the “**Recapture Payment**”).

1. Section 15.10 (Miscellaneous – Disclosure of Information) of the Loan Agreement is hereby amended by adding the following to the end thereof:

In addition, Lender may furnish information regarding the acceptance of Housing Choice Vouchers at the Mortgaged Property to third parties, including prospective tenants and the public generally, in its sole discretion.

1. The following Article is hereby added to the Loan Agreement as Article [\_\_\_] (Housing Choice Vouchers):

**ARTICLE [\_\_\_]** **– HOUSING CHOICE VOUCHERS**

**Section [\_\_].01 Representations and Warranties.**

Borrower hereby represents and warrants to Lender, as of the Effective Date, that:

(a) the Mortgaged Property is not located in a jurisdiction that provides protections against Source of Income Discrimination for housing applicants and tenants using Housing Choice Vouchers;

(b) the Mortgaged Property is not subject to any separate requirements that prohibit Borrower from denying housing applicants based on their use of Housing Choice Vouchers for the payment of rent and other lawful charges; and

(c) the rent for at least twenty percent (20%) of the units at the Mortgaged Property, distributed proportionally among all bedroom sizes, is within “Fair Market Rents” or “Small Area Fair Market Rents” as defined by HUD, as adjusted per the applicable public housing agency payment standards.

**Section [\_\_].02 Covenants.**

**(a) Compliance with Housing Choice Voucher Program.**

Borrower shall:

(1) not refuse to lease to a holder of a Housing Choice Voucher based solely on their use of a Housing Choice Voucher for the payment of rent and other lawful charges;

(2) not discriminate against applicants, tenants, their family members and occupants based solely on their use of a Housing Choice Voucher to pay rent and other lawful charges, including (A) applying stricter screening standards; (B) charging larger security deposits, rent and fees; or (C) subjecting them to additional community rules; and

(3) comply with the requirements of the Housing Choice Vouchers program, including execution of the HAP contract, inspections, and repairs.

**(b)** **Compliance with Marketing and Communications.**

Borrower shall:

(1) advertise all available units with: (A) the applicable public housing agency, to the extent such agency provides advertising services, and (B) the web-based advertising service located at www.affordablehousing.com to the extent such web-based advertising service remains operational; and

(2) provide each applicant seeking to pay rent and other lawful charges with a Housing Choice Voucher with a written notice containing the following: (A) contact information for Fannie Mae’s “Consumer Resource Center” including the email address, street address and phone number, and (B) a statement that the Mortgaged Property does not discriminate against applicants using Housing Choice Vouchers for the payment of rent and other lawful charges.

**(c) Compliance with Fair Housing Testing; Fair Housing Training.**

(1) Borrower shall pass any Baseline Fair Housing Testing to determine whether Borrower is in compliance with the provisions of Section [\_\_].02(a)(Housing Choice Vouchers – Covenants – Compliance with Housing Choice Voucher Program).

(2) In the event that Borrower fails to pass any Baseline Fair Housing Testing (a “**Testing Violation**”), Borrower shall require that all necessary and appropriate staff of Borrower or any property manager for the Mortgaged Property complete Fair Housing Training. Failure to timely complete any mandated Fair Housing Training shall be an immediate Event of Default and the Recapture Payment shall become immediately due and payable in accordance with the terms of Section 14.02[(\_\_)] (Housing Choice Vouchers Payment).

(3) Subsequent to the completion of the Fair Housing Training mandated pursuant to Section [\_\_].02(c)(2) (Housing Choice Vouchers – Covenants – Compliance with Fair Housing Testing; Fair Housing Training):

* + - * 1. Borrower shall deliver to Lender written notice of such completion within ninety (90) days of receipt of a Testing Violation notice from Lender;
        2. Borrower shall pass the next Subsequent Fair Housing Testing; and

in the event that Borrower fails to pass the next Subsequent Fair Housing Testing, such failure shall be an immediate Event of Default and the Recapture Payment shall become immediately due and payable in accordance with the terms of Section 14.02[(\_\_)] (Housing Choice Vouchers Payment); or

in the event that Borrower passes the next Subsequent Fair Housing Testing, Borrower shall be deemed in compliance with Section [\_\_].02(c); provided that Borrower shall be subject to future Baseline Fair Housing Testing and any future Testing Violation shall trigger the same re-training and re-testing requirements in this Section [\_\_].02(c) (Housing Choice Vouchers – Covenants – Compliance with Fair Housing Testing; Fair Housing Training).

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