

**AGREEMENT FOR PAYMENTS IN LIEU
OF AD VALOREM TAXES**

THIS AGREEMENT is made and entered into as of the 15th day of February, 2018, by and among THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE (the "Board"); Alco Woodlawn Partners, L.P., a Tennessee limited partnership (the "Company"); the CITY OF CHATTANOOGA, TENNESSEE (the "City"); and HAMILTON COUNTY, TENNESSEE (the "County") and is joined in, for purposes of evidencing their acceptance of the agency relationship established herein, by WILLIAM F. HULLANDER and his successors, acting in the capacity of HAMILTON COUNTY TRUSTEE ("Trustee"), and by MARTY HAYNES and his successors, acting in the capacity of HAMILTON COUNTY ASSESSOR OF PROPERTY ("Assessor").

W I T N E S S E T H:

WHEREAS, the Company is contemplating the improvement of the properites located at 2300 Wilson Street, 1101 Arlington Ave., and 2300 Windsor Street in Chattanooga, Hamilton County, Tennessee, including the renovation, equipping and furnishing of a multifamily, low income housing tax credit apartment project with approximately 163 one, two and three bedroom units (collectively, the "Project"), and has requested the Board's assistance in the financing of the Project; and

WHEREAS, substantial public welfare benefits to the City and County will be derived from the Project; and

WHEREAS, the Board has agreed to take title to certain real and personal property that constitutes the Project, as described in Exhibit "A" attached hereto (the "Property"), which Property is to be owned by the Board and leased to the Company; and

WHEREAS, because the Property is to be owned by the Board, which is a public corporation organized under the provisions of Tennessee Code Annotated, §48-101-301, et seq., all such property will be exempt from ad valorem property taxes (“property taxes”) normally paid to the City and to the County, so long as the Property is owned by the Board, pursuant to the provisions of Tennessee Code Annotated, §48-101-312; and

WHEREAS, for the public benefit of the citizens of the City and the County, the Board has requested that the Company make certain payments to the Board in lieu of the payment of property taxes that would otherwise be payable on the Property; and

WHEREAS, the Company has agreed to make such payments to the Board in lieu of the property taxes otherwise payable on the Property (the “In Lieu Payments”), as more particularly set forth hereinafter; and

WHEREAS, the Board has been authorized to receive the In Lieu Payments in lieu of property taxes by a resolution adopted by the City, acting through its duly elected Council, which resolution delegates to the Board the authority to accept the In Lieu Payments upon compliance with certain terms and conditions; and

WHEREAS, the Board wishes to designate the County Assessor as its agent to appraise the Property and assess a percentage of its value in the manner specified herein; and

WHEREAS, the Board wishes to designate the Trustee and the City Treasurer, as applicable, as its agent to receive the In Lieu Payments in accordance with the terms of this Agreement;

NOW, THEREFORE, IN CONSIDERATION OF the mutual covenants and agreements set forth herein, the parties hereto agree as follows:

1. Designation of Assessor; Appraisal and Assessment of Property. The Board hereby designates the Assessor as its agent to appraise and assess the Property. The Assessor shall appraise and assess the Property in accordance with the Constitution and laws of the State of Tennessee as though the Property were subject to property taxes. According to Chapter 0600-10 of the Rules of the Tennessee State Board of Equalization, following renovation of the Property, such appraisal shall consist of two components: (i) the restricted use component (the “Restricted Income Value”) which will be based on the Assessor’s valuation of the Project’s operating income, and (ii) the LIHTC subsidy component (the “LIHTC Subsidy Value”) which will be based on the Assessor’s valuation of the LIHTC subsidy provided to the Project by the Tennessee Housing Development Agency (collectively the Restricted Income Value and the LIHTC Subsidy Value are hereinafter referred to as the “Renovated Project Value”). The Assessor shall give the Trustee, the City Treasurer, the Board, and the Company written notice of any changes in appraisals of the Property in the same manner that notices are given to owners of taxable property. The Assessor shall make available to the Board and the Company all records relating to the appraisal and assessment of the Property.

2. Designation of Trustee; Computation and Billing of Payments In Lieu of Taxes. The Board hereby designates the Trustee as its agent to compute the amounts of the In Lieu Payments. On or about October 1 of each year during the term of this agreement, the Trustee shall compute the taxes which would be payable on the Property if it were subject to property taxes, in accordance with the Constitution and laws of the State of Tennessee and in accordance with the appraisal and assessment of the Assessor. Each year hereunder, the Trustee shall send the Board and the Company a bill for appropriate amounts of In Lieu Payments (the “Tax Bill”).

3. Payments in Lieu of Taxes. After receipt of the Tax Bill, the Company shall pay to the Trustee the amounts indicated on the Tax Bill to be paid to the County and the Company shall pay to the City Treasurer the amounts on the Tax Bill to be paid to the City in accordance with the amount set forth below in Section 4. The In Lieu Payments shall be made by the Company in lieu of the property taxes which would otherwise be payable on the Property if it were subject to property taxes.

4. Amount of Payments by the Company.

(a) Payments for Unrenovated Project (not applicable to County – see Section 4(b)(i)). For each of the years 2018 through 2032 (the "Real Property Tax Abatement Period"), the Company shall make In Lieu Payments with respect to the Property in an amount equal to one hundred percent (100%) of all City and County annual ad valorem property taxes levied in the base year of 2016 (the "Base Year") on the value of the Project, which value is \$3,667,200 (the "Unrenovated Project Value"). The intent is for the City and County to continue receiving throughout the term of this Agreement all taxes assessed as to the Unrenovated Project Value exclusive of the improvements made in connection with the renovation of the Project, which improvements are subject to the payment in lieu of tax obligations set forth in subsection (b), immediately below.

(b) Payments for Renovated Project.

(i) Applicability to the County; 100% In Lieu of Tax Payment to County. Notwithstanding any provisions in this Agreement to the contrary, the Company shall make In Lieu Payments to the County equal to the County property taxes that would be due on the Property if it were subject to taxation. The parties acknowledge that the provisions set forth in subsection (a), immediately above, and the provisions of paragraphs (ii) – (iv), immediately below,

were developed and presented to the City and the Board in contemplation of a request for reduced in Lieu Payments from the County. Due to timing considerations for the Project, the Company has elected to proceed without making a request for reduced In Lieu Payments to the County. The Company shall make In Lieu Payments to the County in an amount equal to the County property taxes that would be due on the Property if it were subject to taxation.

(ii) School Tax on Renovations (not applicable to County – see Section 4(b)(i)). After the renovation of the Project is completed and the Assessor of Property has determined the Renovated Project Value and reassessed the then renovated Property, the Company shall make In Lieu Payments in the amount required to satisfy the Hamilton County Schools portion of the property taxes that would be due on the improvements to the Property if it were subject to taxation (the “School Portion”) based upon the increase in the Renovated Project Value over the Unrenovated Project Value (the “Renovation Value”). The parties acknowledge and agree that the School Portion currently equates to 27.05% of the amount of the total City and County taxes that would have been payable on the improvements to the Property if it were subject to property taxes. The parties further acknowledge that the percentage of the School's Portion will vary as City and County tax rates change.

(iii) County General Fund Tax on Renovations (not applicable to County – see Section 4(b)(i)). After the renovation of the Project is completed and the Assessor of Property has determined the Renovated Project Value and reassessed the then renovated Property, the Company shall also make In Lieu Payments in the amount equal to the Hamilton County general fund portion of the property taxes that would be due on the improvements to the Property if it were subject to taxation (the “County General Fund Portion”) based upon the increase in the Restricted Income Value over the Unrenovated Project Value. It being the intent that In Lieu

Payments shall not be made for the Hamilton County general fund portion of the property taxes that would be due on the LIHTC Subsidy Value of the Project.

(iv) Phase In Period (not applicable to County – see Section 4(b)(i)). After the renovation of the Project is completed and the Assessor of Property has determined the Renovated Project Value and reassessed the then renovated Property, additional In Lieu Payments on the improvements will be as follows:

Year	City General Fund ⁽¹⁾	County General Fund ^{(1) (2)}
	Renovation Value	LIHTC Subsidy Value
2018 – 2027	0%	0%
2028	20%	20%
2029	40%	40%
2030	60%	60%
2031	80%	80%
2032	100%	100%

⁽¹⁾ – *The above percentages refer to the percent of the amount of taxes that would have been payable on the value if it were subject to property taxes.*

⁽²⁾ – *These percentages will only apply if and to the extent approved by the County Commission of Hamilton County, Tennessee. In the event that no such resolution is adopted, the applicable percentage shall be 100%.*

As noted above, during such years 2018 to 2032 (the "Improvements Tax Abatement Period"; the Improvements Tax Abatement and the Real Property Tax Abatement Period collectively called the "Tax Abatement Period"), the Company shall continue to pay the School Portion attributable to the Hamilton County Schools and the General Fund Portion attributable to the County general fund. For any periods before or after the Tax Abatement Period that the Property is owned by the Board, the Company shall make In Lieu Payments in an amount, as determined by the Assessor and the Trustee, equal to one hundred percent (100%) of the amount of taxes that would have been payable on the Property if it were subject to property taxes.

5. Penalties and Late Charges; Affordability Requirement. The Company shall make the In Lieu Payments for each year before March 1 of the following year. All In Lieu Payments to the City and County shall be subject to penalties, late charges, fees and interest charges as follows:

(a) If the Company fails to make any In Lieu Payment when due, then a late charge shall be charged and shall also be immediately due and payable. The late charge shall be in the amount of one and one-half percent (1-1/2%) of the owed amount, for each month that each payment has been unpaid. Such one and one-half percent (1-1/2%) per month late charge amount shall accumulate each month and be payable so long as there remains any outstanding unpaid amount.

(b) If the Company should fail to pay all amounts and late charges due as provided hereinabove, then the Board, the City or the County may bring suit in the Chancery Court of Hamilton County to seek to recover the In Lieu Payments due, late charges, expenses and costs of collection in addition to reasonable attorneys' fees, and if the Company should fail to pay all amounts and late charges due as provided hereinabove for more than two (2) years, the City or the County may, as to their respective In Lieu Payments, terminate the benefits of this Agreement and thereafter require the Company to pay one hundred percent (100%) of the amount of taxes that would have been payable on the Property for so long as such payment default continues as determined by the Mayor of the City and the Mayor of the County. In the event of a disagreement between the parties concerning whether or not the Company has cured a default, a representative of the Company may request that the City and County, as applicable, each meet to determine whether such default has been cured, and the Company and the City or the County, as the case may be, shall meet promptly thereafter and attempt in good faith to resolve such dispute. The Company may, in addition, file suit in the Chancery Court of Hamilton County to ask that the provisions of

this Agreement be construed or applied to the relevant facts by the Chancery Court in order to resolve such dispute.

(c) The Company covenants as follows:

(i) The Project will be completed within twenty-four (24) months following the date of this Agreement.

(ii) After completion of the Project and during the Tax Abatement Period, 100% of the dwelling units in the Project will be set aside for occupancy by households whose income is not greater than 60% of the area median income as annually defined in the most recent guidelines published by the Department of Housing and Urban Development (the "Affordability Requirement").

(iii) After completion of the Project and during the Tax Abatement Period, the Project shall be maintained in habitable condition and in compliance with all applicable City and County ordinances and codes.

(iv) Beginning January 1, 2018, the Company shall provide services to tenants residing on the Property in accordance with the Community Benefit Plan set forth in Exhibit "C" (the "Community Benefit Plan")

(d)

(i) If the Company should fail to meet the Affordability Requirement under Section 5(c)(ii) above with respect to the Project and such failure continues for a period of more than one hundred eighty (180) days following receipt by the Company of written notice from the City or the County specifying such failure in reasonable detail (an "Affordability Event of Default"), the City and the County may then require the Company to pay an additional In Lieu Payment based upon the difference

between (i) the In Lieu Payments on the Property owed pursuant to Section 4 during the period of the continuance of such Affordability Event of Default and (ii) the full taxes that would have been payable on the Property if it were subject to property taxes multiplied by a fraction (expressed as a percentage), the denominator of which is the number of dwelling units at the Project subject to the Affordability Requirement and the numerator of which is the number of dwelling units that are not occupied by or available for occupancy by households whose income is not greater than 60% of the area median income as annually defined in the most recent guidelines published by the Department of Housing and Urban Development. The County and the City shall look solely to the Company for any repayment obligations.

(ii) If the Company should fail to spend the annual budget for services under the Community Benefit Plan, the City and the County (if applicable) may then require the Company to pay an additional In Lieu Payment based upon the difference between (i) the Company's actual expenditures on services set forth in the Community Benefit Plan; and (ii) the annual budget for the Company's expenditures set forth in the Community Benefit Plan.

(iii) In no event shall the Company be required to pay more in In Lieu Payments than the Company would have paid in property taxes, if the Property were subject to property taxes.

6. Disbursements by the Treasurer and Trustee. All sums received by the Treasurer pursuant to Section 4 for the benefit of the City general fund shall be disbursed to the general funds of the City in accordance with this paragraph and in accordance with the normal requirements of law governing the settlement and paying over of taxes to counties and municipalities. All sums

received by the Trustee pursuant to Section 4 for the benefit of the County general fund shall be disbursed to the general fund of the County in accordance with this paragraph and in accordance with the normal requirements of law governing the settlement and paying over of taxes to counties and municipalities. All such sums received by the Treasurer shall be placed into an account for the use and benefit of the City. All such sums received by the Trustee shall be divided into an account for the use and benefit of the County. The account for the use and benefit of the City shall be funded with the proportionate amount to which the In Lieu Payments are attributable to property taxes which would otherwise be owed to the City, and the account for the use and benefit of the County shall be funded with the proportionate amount to which the In Lieu Payments are attributable to property taxes which would otherwise be owed to the County. All sums received by the Trustee pursuant to Section 4 for the benefit of the County school system shall be disbursed to the County and thereafter deposited into an account for the educational use and benefit of the County schools. The parties acknowledge and agree that all disbursements to the City and County pursuant to this Agreement are in furtherance of the Board's purposes as set forth in Tennessee Code Annotated §48-101-302.

7. Contest by the Company. The Company shall have the right to contest the appraisal or assessment of the Property by the Assessor and the computation by the Trustee of the amount of the In Lieu Payment. If the Company contests any such appraisal or assessment, then it shall present evidence to the Assessor in favor of its position. Likewise, if the Company contests any such computation, it shall present evidence to the Trustee in favor of its position. If the In Lieu Payments being contested shall be or become due and payable, the Company shall make such payments under protest. The Company and the Assessor or the Trustee, as the case may be, shall negotiate in good faith to resolve any disputes as to appraisal, assessment or computation. If the

Company and the Assessor or the Trustee are unable to resolve a dispute, then the Company may file suit in the Chancery Court of Hamilton County to ask that the provisions of this Agreement, including those covering appraisal, assessment and computation, be construed or applied to the relevant facts by the Chancery Court in order to resolve such dispute.

8. Annual Report. The Company will provide the City, the County and the Board, on or before February 15 of each calendar year during this Agreement following the date the Project is placed in service, (i) a copy of the Owner's Annual Certification of Compliance that the Company has provided to the Tennessee Housing Development Agency for the prior calendar year, and (ii) a certification of the Company as to the Company's compliance with the covenants set forth in Section 5(c). Beginning on February 15, 2019 and on or before February 15 of each calendar year thereafter during this Agreement, the Company will also provide the City, the County and the Board with evidence of the Company's expenditures under the Community Benefit Plan. An independent audit of these certifications may occur if requested by the City or County during any calendar year of this Agreement.

9. Lien on Property. Any amounts which remain payable under this Agreement shall become a lien on the Property, and such lien shall be enforceable against the Property in the event that any payment owing hereunder is not timely made in accordance with this Agreement.

10. Term. This Agreement shall become effective on the date that the Board attains title to the Property and shall continue for so long as the Board holds title to any of the Property or the Company has made all payments required hereunder, whichever shall later occur.

11. Leasehold Taxation. If the leasehold interest of the Company should be subject to ad valorem taxation, then any amounts assessed as taxes thereon shall be credited against any In Lieu Payments due hereunder. The Company agrees to cooperate fully with the Assessor in

supplying information for completion of leasehold taxation questionnaires with respect to the Property.

12. Stormwater Fees. In addition to other requirements under this Agreement, the Company shall be responsible for all stormwater fees assessed by the City of Chattanooga against the Real Property.

13. Notices, etc. All notices and other communications provided for hereunder shall be written (including facsimile transmission and telex), and mailed or sent via facsimile transmission or delivered, if to the City or the Board, c/o Mr. Phillip A. Noblett, Suite 200, 100 E. 11th Street, Chattanooga, Tennessee 37402; if to the County, c/o Mr. Rheubin M. Taylor, County Attorney, Hamilton County Government, Room 204, County Courthouse, Chattanooga, Tennessee 37402-1956; if to the Company, c/o Mr. Robert D. Hyde, Alco Woodlawn Partners, L.P., 35 Union Ave., Suite 200, Memphis, TN 38103; if to the Trustee, at his address at Hamilton County Courthouse, Chattanooga, Tennessee 37402; and if to the Assessor, at his address at Hamilton County Courthouse, Chattanooga, Tennessee 37402; or, as to each party, at such other address as shall be designated by such party in a written notice to the other party. All such notices and communications, when sent by U.S. certified mail, return receipt requested, shall be effective three days after sending, or when sent by overnight courier or personal delivery, shall be effective upon delivery, or when sent by facsimile transmission, confirmed electronically, shall be effective when sent, in each case addressed as aforesaid.

14. No Waiver; Remedies. No failure on the part of any party hereto, and no delay in exercising any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or

the exercise of any other right. The remedies provided in this Agreement are cumulative and are not exclusive of any remedies provided by law.

15. Assignment.

(a) Except in the event of the conveyance of the Property as a result of a foreclosure or deed in lieu of foreclosure or except as otherwise provided in this Section, the Company may only assign this Agreement, or any part hereof, with the prior consent of the Mayor of the City, the Mayor of the County, and the Board. The Mayor of the City, the Mayor of the County and/or the Board shall not withhold such consent upon the occurrence of all of the following conditions: (i) there is no default under this Agreement at the time of the assignment, (ii) all requirements of the Company under this Agreement have been satisfied as of the date of the assignment, and (iii) any assignee agrees to provide proof of sufficient assets to fund the business plan for the Project and agrees to be bound by the terms of this Agreement from and after the date of assignment (the "Consent Requirements"). If the Company provides the Mayor of the City, the Mayor of the County and the Board (x) a certificate of an officer of the Company certifying that the requirements of (i) and (ii) have been satisfied and (y) proof of sufficient assets to fund the business plan for the Project and a copy of an assignment and assumption agreement pursuant to which the assignee agrees to be bound by the terms of this Agreement, the Mayor of the City, the Mayor of the County and the Board shall each have the option, upon at least seven (7) days' prior notice to the Company, to meet with a representative of the Company within forty-five (45) days of receipt of the Company's certificate for purposes of determining whether the Company has satisfied the Consent Requirements. Unless the Mayor of the City, the Mayor of the County and the Board meet with the Company and all state in writing within such forty-five (45) day period that the Company has not satisfied the Consent Requirements, the Company may assign this

Agreement in accordance with the terms and conditions described in the Company's certificate without any further action of the Mayor of the City, the Mayor of the County and/or the Board. In the event that the Mayor of the City, the Mayor of the County and the Board timely state in writing that the Company has not satisfied the Consent Requirements, the Company and the assignee may, upon the Company's request, appear before the City Council of the City, the Board of Commissioners of the County and the Board to request approval of such assignment pursuant to the terms of this Section, which consents shall not be unreasonably withheld. Upon satisfaction of the requirements of this Section, the assignment shall relieve the Company from liability for any of its obligations hereunder as of the effective date of the assignment.

(b) Notwithstanding the provisions of subsection (a), above, and notwithstanding any other provision in this Agreement or the Lease to the contrary, the Company may make a collateral assignment of all or any portion of its interests in this Agreement, the Lease and the Project for the benefit of one or more banks or other lenders that, from time to time, provide financing to the Company. Nothing in this Agreement or the Lease shall in any way restrict any sale or transfer of the leasehold interest and other interests of the Company in the Project pursuant to a judicial or non-judicial foreclosure sale as a result of the exercise of any one or more lender's rights under the applicable loan documents. The City, the County and the Board shall cooperate with the Company, to the extent reasonable and at no additional cost to the City, County or Board, in consummating any financing for the Company that involves a pledge or assignment of the Company's interests in this Agreement, the Lease or the Project. Without limitation of the foregoing, the Mayor of the City, the Mayor of the County, and the Chairman of the Board, or any of their respective designees, are authorized, upon the Company's request, enter into or consent to such documents as are necessary to consummate such financing including,

without limitation, the “HUD Rider to Security Instrument” attached hereto as Exhibit “B” as well as additional consents to assignment, deeds of trust, estoppel certificates, subordination and non-disturbance agreements, affidavits and certificates, provided that any such documents are expressly non-recourse to the City, County and Board beyond the Board’s interest in the Project.

16. Severability. In the event that any clause or provision of this Agreement shall be held to be invalid by any court or jurisdiction, the invalidity of any such clause or provision shall not affect any of the remaining provisions of this Agreement.

17. No Liability of Board’s Officers. No recourse under or upon any obligation, covenant or agreement contained in this Agreement shall be had against any incorporator, member, director or officer, as such, of the Board, whether past, present or future, either directly or through the Board. 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 or officer, as such, is hereby expressly waived and released as a condition of and consideration for the execution of this Agreement.

18. Binding Effect. This Agreement shall be binding upon and inure to the benefit of each of the parties and signatories hereto and to their respective successors and assigns.

19. Governing Law. The Agreement shall be governed by, and construed in accordance with, the laws of the State of Tennessee.

20. Amendments. This Agreement may be amended only in writing, signed by each of the parties hereto, except that the Trustee and the Assessor shall not be required to join in amendments unless such amendments affect their respective duties hereunder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and date first above written.

ATTEST:
By: [Signature]
Secretary

THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE

By: [Signature]
Chairman

ALCO WOODLAWN PARTNERS, L.P.

By: Alco Properties, Inc., its sole general partner

By: [Signature]
Title: President of A.P.

CITY OF CHATTANOOGA, TENNESSEE

By: [Signature]
Mayor Council Chair

HAMILTON COUNTY, TENNESSEE

By: [Signature]
County Mayor

WILLIAM F. HULLANDER

By: [Signature]
Hamilton County Trustee

MARTY HAYNES

By: [Signature]
Hamilton County Assessor of Property

EXHIBIT "A"
TO AGREEMENT FOR PAYMENTS IN LIEU OF AD VALOREM TAXES

REAL PROPERTY

AS-SURVEYD DESCRIPTION

Tract One

A parcel of land situated in Chattanooga, Hamilton County, Tennessee being described in Deed book 2003, Page 763 Register's Office of Hamilton County (R.O.H.C.) known as Lots 1, 2, 3, 4, 5, 6, 7 and 8, Block 13, and Lots 1, 2, 3, 4, 5, 6, 7 and 8, Block 16, together with an abandoned alley, City of Chattanooga Ordinance No. 6324 an part of abandoned Taylor Street, City of Chattanooga Ordinance No. 5180 Woodlawn Subdivision Plat Book 2, Page 3, R.O.H.C. To find the point of beginning begin at the Northeast intersection of Arlington Avenue and Windsor Street, a 50 foot dedicated right of way North 66 degrees 12 minutes 14 seconds West 293.16 feet to a rebar corner; thence leaving said right of way and with and along the centerline of Taylor Street abandoned aforementioned also being the East line of Estate of Milton Vincent, Deed Book 8971, Page 694 (R.O.H.C.) North 23 degrees 58 minutes 51 seconds East 398.76 feet to an iron pipe corner; thence leaving said East line and with and along the South line of Marvin and Ronald Berke, Deed Book 5587, Page 395 R.O.H.C. and the South line of Tract No. 2, Woodlawn Apartments South 66 degrees 26 minutes 35 seconds East being the Southeast corner of Marvin and Ronald Berke aforementioned a total of 292.50 feet to an iron pipe corner; thence leaving said South line and with and along the West right of way of Arlington Avenue, a 50 foot public dedicated right of way South 23 degrees 53 minutes 33 seconds West 399.98 feet to a spike corner and the point of beginning. Said parcel contains 2.68 acres.

Tract Two

A parcel of land situated in Chattanooga, Hamilton County, Tennessee being a part of Deed 1884, page 246 Register's Office of Hamilton County (R.O.H.C.). To find the true point of beginning begin at the remote point of beginning which is the northeast corner intersection of Windsor Street an Arlington Avenue; thence with and along the West right of way of Arlington Avenue, a 50 foot public dedicated right of way North 23 degrees 53 minutes 33 seconds East 399.98 feet to an iron pipe corner and the true point of beginning; thence with and along the North line of Lot 1, Block 13, Woodlawn Subdivision, Plat book 2, Page 3, R.O.H.C., North 66 degrees 26 minutes 35 seconds West 260.00 feet to a point; thence leaving said North line and with and along the East line of Marvin and Ronald Berke, Deed Book 5587, page 395 R.O.H.C. with a series of calls and distances as follows: North 18 degrees 06 minutes 05 seconds East 95.12 feet to a point; thence North 03 degrees 39 minutes 00 seconds East 111.00 feet to a point; thence North 17 degrees 39 minutes 00 seconds East 90.00 feet to a point; thence North 11 degrees 24 minutes 00 seconds East 66.40 feet to an Iron pipe corner and a point of curve; thence with a curve measured to the left an arc distance of 56.8 feet to a point of tangent, said curve has a radius of 42.2 feet a tangent of 33.63 feet and is subtended by a chord North 27 degrees 09 minutes 33 seconds West 52.06 feet; thence North 65 degrees 33 minutes 00 seconds 57.80 feet to a point; thence North 20 degrees 49 minutes 48 seconds East 359.51 feet to a rebar corner; thence leaving said East and with and along the South line of Wilson Street, a 50 foot public dedicated right of way South 66 degrees 16 minutes 19 seconds East 278.00 feet to a rebar corner; thence leaving said South right of way and with and along the West line of Lot 4, Fred W. Licker, Jr., (not recorded) South 23 degrees 53 minutes 00 seconds West 150.00 feet to a rebar corner; thence leaving said West line and with and along the South line of Lots 1 thru 4, Fred W. Licker, Jr. (not recorded) South 66 degrees 25 minutes 00 seconds East 172.00 feet to a rebar corner; thence leaving said South line and with and along the West right of way of Arlington Avenue, a 50 foot public dedicated right of way South 23 degrees 53 minutes 33 seconds West 595.90 feet to the true point of beginning. Said Tract 2 contains 5.70 acres.

AS-SURVEYD DESCRIPTION

Tract Three

A parcel of land situated in Chattanooga, Hamilton County, Tennessee as described in Deed Book 1899, page 376 Register's Office of Hamilton County (R.O.H.C.). Said parcel is known as Lots 1, 2, 3 and 4, Block 10, and Lots 1, 2, 3 and part of Lot 4, Block 14, Woodlawn Subdivision Plat Book 2, page 3 R.O.H.C., together with abandoned portion of Arlington Avenue and part of abandoned Taylor Street. To find the point of beginning begin at the Northwest corner of an unopened 10 foot alley and the South right of way of Windsor Street; thence with and along the West line of said unopened alley South 23 degrees 51 minutes 37 seconds West 199.30 feet to a rebar corner; thence leaving said West line and with and along the North line of Lot 5, Block 10 and Lot 5, Block 14, Woodlawn Subdivision Plat Book 2, page 3 R.O.H.C. and the right of way of Arlington Avenue North 66 degrees 10 minutes 20 seconds West 276.00 feet to a rebar corner; thence leaving said South line North 23 degrees 24 minutes 21 seconds East 7.97 feet to a rebar corner; thence continuing with and along the North line North 66 degrees 02 minutes 44 seconds West 89.00 feet to a rebar corner of Taylor Street abandoned; thence with and along the center line of Taylor Street abandoned North 23 degrees 52 minutes 23 seconds East 190.98 feet to a rebar corner; thence leaving said line and with and along the South line of Windsor Street, a 50 foot public dedicated right of way South 66 degrees 11 minutes 49 seconds East 365.00 feet to a spike corner and the point of beginning. Said parcel contains 1.65 acres.

PERSONAL PROPERTY

All personal property used by the Company in connection with its housing facility located on the real property described above.

EXHIBIT "B"

**RIDER TO SECURITY INSTRUMENT
FEE JOINDER**

WARNING: Federal law provides that anyone who knowingly or willfully submits (or causes to submit) a document containing any false, fictitious, misleading, or fraudulent statement/certification or entry may be criminally prosecuted and may incur civil administrative liability. Penalties upon conviction can include a fine and imprisonment, as provided pursuant to applicable law, which includes, but is not limited to: 18 U.S.C. 1001, 1010, 1012; 13 U.S.C. 3729, 3802; 24 C.F.R. Parts 25, 28 and 30; and 2 C.F.R. Parts 180 and 2424.

**RIDER TO SECURITY INSTRUMENT
FEE JOINDER**

[Instructions: When using this form, amend the first paragraph of the Security Instrument to include the Ground Lessor as an accommodating "Joinder Party" to ensure proper indexing against the Ground Lessor among the land records.]

This Rider ("**Rider**") is attached to and amends the Security Instrument entered into between _____ ("**Borrower**") and _____ ("**Lender**"), dated as of _____.

[For a Mortgage OR Deed to Secure Debt, insert the following:]

[This Rider is provided to secure to Lender the repayment of the Indebtedness, and the performance of the covenants and agreements of Borrower and Ground Lessor contained in the Loan Documents, Borrower and Ground Lessor mortgage, warrant, grant, convey and assign to Lender the Mortgaged Property, including the Leasehold Estate and the Fee Estate in the Land located in _____ County, State of _____, and described in Exhibit A to the Security Instrument.]

OR

[For a Deed of Trust, insert the following:]

[Borrower and Ground Lessor, in consideration of the Indebtedness and the trust created by this Security Instrument, irrevocably grant, convey and assign to Trustee, in trust, with power of sale, the Mortgaged Property, including the Leasehold Estate and the Fee Estate in the Land located in _____ County, State of _____, and described in Exhibit A to the Security Instrument.]

To the extent any provisions of this Rider conflict with any provisions in the body of the Security Instrument to which this Rider is attached, the provisions of this Rider shall prevail. Any terms in the body of the Security Instrument not in conflict with the provisions of this Rider remain in full force and effect.

Notwithstanding anything else in the Security Instrument to which this Rider is attached, and for valuable consideration, the receipt and sufficiency of which the parties hereto hereby acknowledge and agree, and to induce the Lender to make the Loan to Borrower described in the Security Instrument, Borrower and Ground Lessor covenant and agree as follows:

1. Definitions

The following terms shall be added to Section 1 (Definitions) of the Security Instrument:

- (a) **“Fee Estate”** means that fee simple interest in the Land, presently held by Ground Lessor.
- (b) **“Ground Lease”** means that lease attached as Exhibit [], pursuant to which Borrower leases the Land from Ground Lessor, as such lease may be amended, modified, supplemented, renewed, and extended, but only with prior written approval of Lender and HUD.
- (c) **“Ground Lessor”** means that landlord, leasing the Land to Borrower pursuant to the Ground Lease.
- (d) **“Leasehold Estate”** means Borrower’s interest in the Land and all other real property, existing pursuant to the Ground Lease, including the following:
 - (i) All rights of Borrower to renew or extend the term of the Ground Lease.
 - (ii) All amounts deposited by Borrower with Ground Lessor under the Ground Lease.
 - (iii) Borrower’s right or privilege to terminate, cancel, surrender, modify, or amend the Ground Lease.
 - (iv) All other options, privileges and rights granted and demised to Borrower under the Ground Lease and all appurtenances and improvements with respect to the Ground Lease.

The following term will be modified in Section 1 (Definitions) of the Security Instrument:

- (e) **“Mortgaged Property”** retains that same definition as provided in the Security Instrument, excepting that it is extended to also include Ground Lessor’s present and future right, title and interest in and to those respective items (1-17), identified in the Security Instrument’s definition of “Mortgaged Property.”

2. Ground Lessor Joinder

- (a) Ground Lessor acknowledges and agrees that all rights and interests in the Fee Estate and Leasehold Estate and any indebtedness owed by Borrower (now or later existing) are encumbered by the Security Instrument.
- (b) By its execution and delivery of this Rider, Ground Lessor joins in the Security Instrument with the same intent and consequence as if Ground Lessor were originally a party to the Security Instrument, for the purpose of encumbering the Fee Estate with the lien of the Security Instrument, granting Lender a first priority

lien on the Fee Estate, and acknowledging the agreements, covenants and obligations set forth in this Rider are applicable to Ground Lessor.

- (c) Ground Lessor represents that Ground Lessor possesses an unencumbered fee simple absolute estate in the Land and that it owns the Land and, to the extent not owned in fee by Borrower, the Improvements, free and clear of all Liens, encumbrances and charges except for those otherwise approved by Lender and HUD.
- (d) Ground Lessor represents to Lender and HUD that it has the power, authority and right to execute this Rider and to deed, grant, convey and assign a security interest in Ground Lessor's right, title and interest in the Mortgaged Property pursuant to the terms of this Rider and to keep and observe all of the terms of this Rider to be performed by Ground Lessor under this Rider.
- (e) Ground Lessor agrees that it shall not without the prior written approval of Lender and HUD:
 - (i) Convey, assign, transfer, pledge, or encumber any part of the Mortgaged Property or any interest in the Mortgaged Property, except as provided for under the Ground Lease.
- (f) Ground Lessor acknowledges all of the following:
 - (i) Lender has not made any representations or warranties to Ground Lessor with respect to the creditworthiness of Borrower or the prospects of repayment of the Indebtedness.
 - (ii) Ground Lessor assumes full responsibility for keeping informed with respect to Borrower's business operations, if any, and financial condition to the extent Ground Lessor wishes to do so.
 - (iii) Lender will have no duty to disclose or report to Ground Lessor any information now or later known to Lender with respect to Borrower, including any information relating to any of Borrower's business operations or financial condition.
- (g) At any time, after Ground Lessor receives from Lender or HUD a notice of an Event of Default under any of the Loan Documents, Ground Lessor has the right (but will not be obligated) to make any payment, perform any obligation and take any other action that Borrower would have the right to pay, perform or take under the applicable Loan Document which Ground Lessor deems necessary or desirable to cure the Event of Default.
- (h) Ground Lessor acknowledges and agrees that, upon the occurrence of an Event of Default, Lender or Trustee (if applicable) may take such action, without notice or demand, including foreclosure of the Mortgaged Property, as it deems advisable, to

protect and enforce its rights against Borrower, Ground Lessor, and in and to the Mortgaged Property, including the Land, to the fullest extent under the terms of this Rider, the Security Instrument, and the other Loan Documents.

- (i) Ground Lessor has no personal liability for the repayment of the Indebtedness or the performance of any of Borrower's obligations under the Loan Documents. Ground Lessor's liability is expressly limited to the Mortgaged Property. However, nothing in this Rider limits the liability or obligations of Ground Lessor, in its capacity as landlord, under the Ground Lease.

3. Borrower's Acquisition of Fee Estate

- (a) If Borrower acquires the Fee Estate, there will be no merger between the Fee Estate and the Leasehold Estate unless all parties, including Lender, having an interest in the Ground Lease consent in writing to the merger of estates.
- (b) If Borrower acquires the Fee Estate during any period in which HUD insures or holds the Security Instrument and Note, Borrower must promptly notify HUD and Lender (if applicable) of such acquisition.
- (c) Simultaneously with Borrower's acquisition of the Fee Estate, the lien of this Security Instrument automatically, without the necessity of any further conveyance or recording, continues to cover the Fee Estate and remains prior to the Lien of any mortgage, deed of trust or other Lien placed on the Fee Estate after the date of this Security Instrument. Promptly after Borrower's acquisition of the Fee Estate, Borrower, at its sole cost and expense, including payment of Lender's attorneys' fees and costs and out-of-pocket disbursements, will execute and deliver all documents and instruments necessary to subject or further subject the Fee Estate to the first lien of this Security Instrument or to confirm and ratify such first lien, and must provide to Lender a title insurance policy insuring the lien of this Security Instrument as a first lien on the Fee Estate and the Leasehold Estate, as applicable.

Each signatory below hereby certifies that each of their statements and representations contained in this Rider and all their supporting documentation thereto are true, accurate, and complete, and that each signatory has read and understands the terms of this Rider. This Agreement has been made, presented, and delivered for the purpose of influencing an official action of HUD in insuring the Loan, and may be relied upon by HUD as a true statement of the facts contained therein.

IN WITNESS WHEREOF, Borrower and Ground Lessor have signed and delivered this Rider to the Security Instrument or have caused this Rider to the Security Instrument to be signed and delivered by their duly authorized representatives, as a sealed instrument.

THE HEALTH, EDUCATIONAL AND HOUSING
FACILITY BOARD OF THE CITY OF
CHATTANOOGA, TENNESSEE

By: _____
Chairman _____

ALCO WOODLAWN PARTNERS, L.P.

By: Alco Properties, Inc., its sole general partner

By: _____
Title: _____

EXHIBIT "C"

COMMUNITY BENEFIT PROGRAM – BAYBERRY APARTMENTS

A. Community Benefit Program

During the term of the Agreement, the Company will provide certain community benefits to residents of Bayberry Apartments, selected from the categories identified below. Each year, the Company will establish an annual budget of at least \$37,500 to provide a combination of resident services and security services for the benefit of residents of Bayberry.

B. Resident Services

The community benefit program will include certain resident services, developed in coordination with residents of Bayberry.

Service Coordination. As part of the service program, each resident will be asked to complete a comprehensive needs assessment that will assist in identifying the individual and family needs of the residents in the Bayberry community. The Company will hold an annual meeting with residents of Bayberry to discuss and select those programs and services that will offer the greatest benefit to residents. The Company will provide advance notice of the meeting to the City Council member and County Commission member in whose legislative district Bayberry Apartments is located. The on-site manager of Bayberry will also serve as liaison to these elected officials and will be available to meet upon request to discuss the status of resident services being provided under this program.

The Company anticipates contracting with one or more non-profit or other community support organizations to provide resident services under this program.

Potential Services – Adult Tenants. The programs considered for adult tenants of Bayberry will include:

1. Family Support
2. Life Skills
3. Targeted Coaching

Potential Services – Children of Tenants and Tenants with Children. The programs considered for tenants of Bayberry with children and for the children of tenants will include:

1. Family Support
2. Life Skills
3. Back to School Fair
4. After School Programs
5. Summer Programs
6. Targeted Coaching

C. Enhanced Security

Management of Bayberry Apartments will, from time to time, contract with off-duty police officers and/or private security services to provide on-site security.