



**2019
LIHTC
CROWN Land Use Restriction
Agreement (LURA)**

**LAND USE RESTRICTION AGREEMENT
FOR LOW INCOME HOUSING TAX CREDITS**

Between

NEBRASKA INVESTMENT FINANCE AUTHORITY

as Authority,

and

[NAME]

as Owner

WHEN RECORDED RETURN TO:

Nebraska Investment Finance Authority
Suite 200
1230 O Street
Lincoln, NE 68508-1402
Attention: Executive Director

SUMMARY PAGE

Date:

THE OWNER –

Legal Name of Owner:

Type of Legal Organization:

State of Organization:

Business Address of Owner:

Contact Person:

Phone Number:

Fax Number:

E-mail address:

THE PROJECT -

Name of Project:

Project Address and Legal Description: (See Attached Exhibit A)

Total Number of Buildings:

Building Identification Number(s):

BIN	Applicable Fraction	Occupancy Date

Total Number of Dwelling Units:

Total Number of Qualified Units:

One unit is occupied by a resident property manager: Yes/No

Cost of acquisition, construction and rehabilitation: \$

Qualified Basis: \$

TAX CREDIT INFORMATION -

Allocation of Low Income Housing Tax Credit Dollars: \$

Occupancy Date:

Nonprofit Set-Aside: Yes/No

Project Subject to a Right of First Refusal: Yes/No

Income Election Set-aside for IRS purposes

Applicable Set-Aside Percentage(s): %

Applicable Income Percentage(s): %

Targeted Rent Levels

_____% of the Qualified Units (___ units) will have overall rents affordable at or below _____% of the applicable area median income.

Required Number of Years From Occupancy Date: 15 years

Extended Period: 15 years

Compliance Period: 30 years

For Qualified Contract: Required Number of Compliance Years from Occupancy Date: 15 years

Other conditions of targeting:

Lenders:

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**LAND USE RESTRICTION AGREEMENT
FOR LOW INCOME HOUSING TAX CREDITS**

THIS LAND USE RESTRICTION AGREEMENT (this “Agreement”) is entered into as of the date set forth on the Summary Page hereof among the **NEBRASKA INVESTMENT FINANCE AUTHORITY** (the “Authority”), a body politic and corporate, not a state agency, but an independent instrumentality exercising essential public functions under the constitution and laws of the State of Nebraska, the **OWNER IDENTIFIED ON THE SUMMARY PAGE** hereof (the “Owner”) and the Lender or Lenders identified on the Summary Page hereof (the “Lender”).

W I T N E S S E T H:

WHEREAS, the Authority has been designated by the Governor of the State of Nebraska as the housing tax credit entity for the State of Nebraska for the allocation of low income housing tax credit dollars; and

WHEREAS, the Owner is the owner of the rental housing development located and as described on the Summary Page hereof and in Exhibit A hereto (the “Project”); and

WHEREAS, the Owner has applied to the Authority for an allocation of federal low income housing tax credit (“LIHTC”) to the Project in an amount not to exceed the amount set forth on the Summary Page hereof; and

WHEREAS, the Owner and the Project must continuously comply with Section 42 and other applicable sections of the Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury Regulations promulgated thereunder (the “Regulations”); and

WHEREAS, compliance by the Owner and the Project with Section 42 of the Code is in large part within the control of the Owner; and

WHEREAS, the Owner has agreed to provide or cause to be provided certain supplementary supportive services to Qualified Tenants; and

WHEREAS, the Authority is unwilling to allocate LIHTC to the Project unless the Owner shall, by entering into this Agreement, consent to be regulated by the Authority in order that the Authority may enforce the occupancy restrictions and other covenants, terms and conditions of this Agreement in accordance with the Code and the Regulations; and

WHEREAS, the Owner has represented to the Authority in the Owner’s Low Income Housing Tax Credit Application (the “Application”) that the Owner shall lease at least the Applicable Set-Aside Percentage of the Dwelling Units in the Project to individuals or families whose income is the Applicable Income Percentage or less of area median gross income (including adjustments for family size) as determined in accordance with the Code (“Qualified Tenants”); and

WHEREAS, the Owner intends, declares and covenants that the regulatory and restrictive covenants set forth herein governing the use, occupancy and transfer of the Project shall be and are covenants running with the land for the term stated herein and binding upon all subsequent owners of the Project for such term and are not merely personal covenants of the Owner.

NOW, THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth, and of other valuable consideration, the Owner and the Authority agree as follows:

Section 1. Definitions. Unless otherwise expressly provided herein or unless the context clearly requires otherwise, the terms defined above shall have the meanings set forth above and the following terms shall have the respective meanings set forth below for the purposes hereof, and all words and phrases defined in Section 42 of the Code shall have the same meanings in this Agreement:

“*Applicable Income Percentage*” means the percentage stated on the Summary Page hereof as the percentage of area median gross income, which may not be exceeded by individuals or families qualifying as Qualified Tenants.

“*Applicable Set-Aside Percentage*” means the percentage stated on the Summary Page hereof as the percentage of Dwelling Units in the Project to be leased to Qualified Tenants.

“*Dwelling Units*” means the units of multifamily residential rental housing comprising the Project.

“*Functionally Related and Subordinate*” means and includes facilities for use by tenants, for example, laundry facilities, parking areas and recreational facilities, provided that the same are of a character and size commensurate with the character and size of the Project.

“*General Partner*” means [NAME].

“*Grantee*” means [NAME].

“*Home Ownership Assistance Fee*” means the \$[50] monthly fee set aside by the Owner for each home occupied by a Qualified Tenant not in default in the payment of rent under his or her lease.

“*Home Ownership Assistance Fund*” means the account established by the Owner in separate, segregated, non-interest-bearing account fully insured by the Federal Deposit Insurance Corporation to deposit the Home Ownership Assistance Fee. The Owner shall, on a monthly basis, deposit the Home Ownership Assistance Fee.

“*Managing Member*” means [NAME].

“*Occupancy Date*” means the first day on which the Project is placed in service, as set forth on the Summary Page hereof.

[“*Operating Agreement*” means that certain Amended and Restated Operating Agreement of the Owner, dated as of [DATE].]

“*Partnership Agreement*” means that certain Amended and Restated Agreement of Limited Partnership the Owner, dated as of [DATE].

“*Project*” means the Project Site and all buildings, structures, fixtures, equipment and other improvements now or hereafter constructed or located upon the Project Site.

“*Project Site*” means the real property described in Exhibit A attached hereto.

“*Property Management Agreement*” means that certain Property Management Agreement by and between the Owner and the Property Manager (attached hereto as Exhibit F).

“*Property Manager*” means [NAME].

“*Qualified Basis*” as set forth on the Summary Page.

“*Qualified Project Period*” means a period beginning on the Occupancy Date and ending on the date which is the Required Number of Years after the Occupancy Date as set forth on the Summary Page.

“*Qualified Tenants*” means and includes individuals and families (i) whose income is equal or less than the Applicable Income Percentage of area median gross income (including adjustments for family size) as elected and determined in accordance with the Code and Regulations and (ii) who have been properly selected by the Owner or the Property Manager pursuant to the Leasing Guidelines attached hereto as Exhibit C. Except as otherwise provided herein, the occupants of a Dwelling Unit shall not be considered to be of low income if any occupant is a student (as defined in Section 151(c)(4) of the Code). Notwithstanding the foregoing, a Dwelling Unit is not disqualified as a Qualified Unit merely because it is occupied (i) by a student receiving AFDC or TANF assistance under Title IV of the Social Security Act, (ii) by a student who was previously under the care and placement responsibility of the state agency responsible for administering a plan under Part B or Part E of Title IV of the Social Security Act, (iii) by a student in a government-supported job training program, (iv) entirely by full-time students who are single parents and their children, provided such occupants are not dependents (as defined in Code Section 152, determined without regard to subsection (b)(1), (b)(2) and (d)(1)(B) thereof) of another person or (v) by full-time students who are married and file a joint return. The determination of whether an individual or family is a Qualified Tenant shall be made at least annually on the basis of the current income of such occupants. Any Dwelling Unit occupied by an individual or family who is a Qualified Tenant at the commencement of occupancy shall continue to be treated as if occupied by a Qualified Tenant, provided that, should such Qualified Tenant’s income subsequently exceed 140% of the applicable income limit, such tenant shall no longer be a Qualified Tenant if, after such determination of income, but prior to the next determination, any residential unit of comparable or smaller size is rented to a tenant who is not a Qualified Tenant.

“*Qualified Unit*” means a residential unit in the Project designated for occupancy by Qualified Tenants.

“*Related Persons*” means two or more persons related within the meaning of Section 147(a)(2) of the Code, including, but not limited to, familial and trust relationships, actual or attributed partnership interests, related corporations and certain corporate shareholders.

“*Rent Restricted Unit*” means a Dwelling Unit if the gross rent with respect to the Dwelling Unit does not exceed 30% of the imputed income limitation applicable to such Dwelling Unit (based on the number of bedrooms therein in accordance with Section 42(g)(2)(C) of the Code).

“*Required Number of Years*” means the number of years after the Occupancy Date on which the Qualified Project Period expires and as set forth on the Summary Page.

[“*Required Number of Compliance Years*” means the number of years after the Occupancy Date on which the Qualified Project Period expires as set forth in Section 5(b)(ii) hereof.]

Section 2. Representation, Covenants and Warranties of the Owner. The Owner makes the following representations and warranties to induce the Authority to enter into this Agreement and further represents, warrants and covenants that:

(a) The Owner (i) is a legal organization as described on the Summary Page hereof organized under the laws of the State identified on the Summary Page thereof, and is qualified to transact business under the laws of the State of Nebraska, (ii) has the power and authority to own its properties and assets and to carry on its business as now being conducted (and as contemplated by this Agreement) and (iii) has the full legal right, power and authority to execute and deliver this Agreement and to perform all the undertakings of the Owner hereunder.

(b) The execution and performance of this Agreement by the Owner will not (i) violate or, as applicable, have not violated any provision of law, rule or regulation, or any order of any court or other agency or governmental body, (ii) violate or, as applicable, have not violated any provision of any indenture, agreement, mortgage, mortgage note or other instrument to which the Owner is a party or by which it or its property is bound and (iii) result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature.

(c) The Owner will, at the time of execution and delivery of this Agreement, have good and marketable title to the premises constituting the Project free and clear of any prior lien or encumbrance.

(d) There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending or, to the knowledge of the Owner, threatened against or affecting it, or any of its properties or rights, which, if adversely determined, would materially impair its right to carry on business substantially as now conducted (and as contemplated by this Agreement) or would materially adversely affect its financial condition.

(e) The Owner will take any lawful action (including the amendment of this Agreement as may be necessary, in the opinion of the Authority) to comply fully with the Code and all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury, the IRS, or the United States Department of Housing and Urban Development.

Section 3. Residential Rental Project. The Owner hereby agrees that the Project is to be developed, owned, managed and operated for the Qualified Project Period as “residential rental property,” as such phrase is used in Section 42(d) of the Code, on a continuous basis during the Qualified Project Period. To that end, the Owner hereby represents, covenants, warrants and agrees as follows:

(a) The estimated cost (or final cost, if applicable) of the acquisition, construction and rehabilitation of the Project will be equal to or in excess of the amount set forth on the Summary Page.

(b) That the Project constitutes and will continue to constitute “residential rental property,” as defined in Section 42 of the Code and the Regulations, the Dwelling Units of which will be rented or available for rental on a continuous basis to members of the general public.

(c) If the Owner becomes aware of any situation, event or condition which would result in noncompliance of a Dwelling Unit, the Project or the Owner with Section 42 of the Code or the Regulations, the Owner shall promptly give written notice thereof to the Authority.

(d) That all of the Dwelling Units will be similarly constructed and that each Dwelling Unit in the Project shall contain separate and complete facilities for living, sleeping, eating, cooking and sanitation for a single person or a family (unless the Project qualifies as a single-room occupancy project or as transitional housing for the homeless pursuant to Section 42(i)(3) of the Code).

(e) That each building in the Project will remain suitable for occupancy taking into account all federal, state and local health, safety, and building codes (or other habitability standards).

(f) That none of the Dwelling Units in the Project shall at any time be utilized on a transient basis (unless the Project qualifies as a single-room occupancy project or transitional housing for the homeless pursuant to Section 42(i)(3) of the Code); that none of the Dwelling Units in the Project shall be leased or rented for a period of less than six (6) months (unless the Project qualifies as a single-room occupancy project or transitional housing for the homeless pursuant to Section 42(i)(3) of the Code); and that neither the Project nor any portion thereof shall be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, trailer park, trailer court, mobile home park, or recreational vehicle park or by a cooperative housing corporation (as defined in Section 216(b)(1) of the Code).

(g) That once available for occupancy each Dwelling Unit in the Project must be rented or available for rental on a continuous basis to members of the general public on a non-transient basis (except for transitional housing for the homeless or single-room occupancy units provided under Section 42(i)(3)(B)(iii) and (iv) of the Code) for the Qualified Project Period.

(h) That the Dwelling Units in the Project shall be leased and rented to members of the general public in compliance with the Code and this Agreement, except for any units rented under the housing program pursuant to Section 8 of the United States Housing Act of 1937, as amended, which will be leased to eligible tenants in accordance with the constraints and regulations of such housing program.

(i) That the Project shall consist of one or more proximate buildings or structures located on a single tract of land which have similarly constructed units financed pursuant to a common plan (unless the Project qualifies as a scattered site project under Section 42(g)(7) of the Code), together with functionally related and subordinate facilities which shall be owned by the Owner or a Related Person.

(j) That the Owner shall not discriminate on the basis of race, creed, color, sex, sexual preference, age, handicap, marital status, national origin, familial status, source of income or disability in the lease, use or occupancy of the Project or in employment of persons for the operation and management of the Project.

(k) That the Owner will accept as tenants, on the same basis as all other prospective tenants, persons who are holders of vouchers or certificates for federal housing assistance payments for existing housing pursuant to Section 8 of the United States Housing Act of 1937 or a successor federal program, and, in connection therewith, the Owner will not apply tenant selection criteria to such voucher or certificate holders which are more burdensome than the criteria applied to any other prospective tenants.

(l) That the Owner will not discriminate against prospective tenants on the basis of their receipt of, or eligibility for, housing assistance under any federal, state or local program or on the basis that they have a minor child or children living with them.

(m) That the Owner will not knowingly take or permit to be taken any action which would have the effect, directly or indirectly, of subjecting the Owner of the Project to noncompliance with Section 42 of the Code and the Regulations.

(n) Except as forth in Section 7 of this Agreement, the Owner may sell, transfer or exchange the entire Project at any time but may not make a disposition to any person of any portion of the Project to which this Agreement applies unless all of the Project to which this Agreement applies is disposed of to such person. In all cases the Owner shall notify in writing and obtain the agreement of any buyer or successor or other person acquiring the Project or any interest therein that such acquisition is subject to the requirements of this Agreement. The Owner shall promptly notify the Authority of such transfer. This provision shall not act to waive any other restriction on such sale, transfer or exchange of the Project.

(o) That the Owner (or its Property Manager with respect to the Project) shall attend each year of the Qualified Project Period at least one (1) of the property management/compliance monitoring sessions sponsored by the Authority.

(p) For each year of the Qualified Project Period the Owner will submit to the Authority a copy of the Project's filed IRS Form 1065.

Section 4. Occupancy Restrictions. For the purpose of satisfying the requirements of Section 42 of the Code, at least for the Qualified Project Period, the Owner hereby represents, covenants and agrees as follows:

(a) Throughout the Qualified Project Period (excluding Dwelling Units not previously occupied), at least the Applicable Set-Aside Percentage of the completed Dwelling Units in the Project shall be both a Rent Restricted Unit and occupied solely by Qualified Tenants, prior to the satisfaction of which no additional units shall be rented or leased to any other tenants after initial rental occupancy of Dwelling Units by Qualified Tenants, as required by Section 42 of the Code. For purposes of satisfying the requirement that not less than the Applicable Set-Aside Percentage of the Dwelling Units be occupied by Qualified Tenants, no Qualified Tenant shall be denied continued occupancy because, after admission, the Qualified Tenant's family income exceeds the applicable qualifying income level set forth in the definition of "Qualified Tenant" herein. The Owner shall at all times during the Qualified Project Period maintain the percentage requirements of this Agreement by providing the next available unit of comparable or smaller size to Qualified Tenants as needed to achieve compliance with the foregoing requirements. If necessary, the Owner shall refrain from renting Dwelling Units in the Project to persons other than Qualified Tenants in order to avoid violating the requirement that at all times during the Qualified Project Period at least the Applicable Set-Aside Percentage of the completed Dwelling Units in the Project shall be both a Rent Restricted Unit and occupied by Qualified Tenants.

(b) To obtain and maintain on file for each Qualified Tenant residing at the Project (which shall be obtained and updated each year during occupancy by such tenant) a copy of such tenant's executed Certification of Tenant Eligibility and Income Verification (attached hereto as Exhibit B or in such other form and manner as may be required by the applicable rules, regulations or policies now or hereafter promulgated by the Authority, the Department of the Treasury or the Internal Revenue Service (the "IRS")), as well as supporting documentation, which is subject to independent investigation and verification by the Authority and which shall be submitted to the Authority as set forth in (c) below.

(c) The Owner will immediately notify the Authority if at any time any of the Dwelling Units in the Project are not occupied or available for occupancy as provided above, and the Owner will prepare and submit to the Authority, no later than January 15 of each year following the first year of the Qualified Project Period, a Certificate of Continuing Program Compliance (the form of which is attached hereto as Exhibit C) and an Annual Tax Credit Summary Report (the form of which is attached hereto as Exhibit D), both executed by the Owner stating the number of Dwelling Units in the Project

which, as of the first date of each calendar year, were occupied by Qualified Tenants (or were deemed to be occupied by Qualified Tenants as provided in subparagraph (a) above for all or part of such period), together with copies of annual Certifications of Tenant Eligibility and Income Verification (and supporting documentation) collected by the Owner.

(d) The Owner shall collect and keep records for each qualified low-income building in the Project which show for each year during the Qualified Project Period the following information for each building in the Project and shall retain such records for at least six (6) years after the due date (with extensions) for filing the federal tax return for that year (provided, however, that the records for the first (1st) year of the Qualified Project Period must be retained for at least six (6) years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building):

(i) the total number of Dwelling Units in each building (including the number of bedrooms and the size in square feet of each residential rental unit);

(ii) the percentage of Dwelling Units in each building that are Qualified Units;

(iii) the rent charged for each Dwelling Unit in the building, including any utility allowances;

(iv) the number of occupants in each Qualified Unit and any changes in the number of occupants in each Qualified Unit;

(v) the Qualified Unit vacancies in each building and information that indicates when and to whom the next available units were rented to;

(vi) the annual income certification of each Qualified Tenant per Qualified Unit;

(vii) documentation to support each Qualified Tenant's annual income certification (for example, a copy of the Qualified Tenant's federal income tax return, Forms W-2, or verifications of income from third parties such as employers or state agencies paying unemployment compensation). Tenant income is to be calculated in a manner consistent with the determination of annual income under Section 8 of the United States Housing Act of 1937 ("Section 8"), and not in accordance with the determination of gross income for federal income tax liability. In the case of a tenant receiving housing assistance payments under Section 8, the documentation requirement of this subsection 4(d)(vii) is satisfied if the public housing authority provides a statement to the Owner declaring that the tenant's income does not exceed the applicable income limit under Code Section 42(g);

(viii) the eligible basis and the Qualified Basis of each building at the end of the first year of the Qualified Project Period; and

(ix) the character and use of the non-residential portion of each building included in the eligible basis of the building under Section 42(d) of the Code (e.g., tenant facilities that are available on a comparable basis to all tenants and for which no separate fee is charged for use of the facilities, or facilities reasonably required by the Project).

(e) The Authority shall have the right to perform on-site inspections of the Project throughout the Qualified Project Period.

(f) The form of lease to be used by the Owner in renting any units in the Project to Qualified Tenants shall provide for termination of the lease and consent by such person to immediate eviction proceedings in accordance with state law for failure to qualify as a Qualified Tenant, as applicable, as a result of any material misrepresentation made by such person with respect to his or her income, the failure to provide supporting income verification or failure by such person to annually update the Certification of Tenant Eligibility and Income Verification.

(g) To permit any duly authorized representative of the Authority, the Department of the Treasury or the IRS to inspect the books and records of the Owner pertaining to the incomes of the Qualified Tenants residing in the Project.

(h) Throughout the Qualified Project Period, to target rents, to comply with targeted rent levels, and to comply all other conditions of targeting as set forth on the Summary Page hereof.

Section 5. Term of Restrictions.

(a) The term of the occupancy restriction set forth in Section 4 of this Agreement shall (i) commence on the Occupancy Date and (ii) end on the date which is the Required Number of Years after the Occupancy Date. During the Required Number of Years, the Owner shall not evict or terminate the tenancy of an existing tenant of any Dwelling Unit other than for good cause and shall not increase the gross rent above the maximum allowed under Section 42 of the Code with respect to such Dwelling Unit.

(b) Notwithstanding subsection (a) above, the Owner shall comply with the requirements of Section 42(h) of the Code relating to a 15-year extended use period (30 years total); provided, however, that, with respect to any building that is part of the Project, this Agreement shall terminate:

(i) on the date such building is acquired by foreclosure or instrument in lieu of foreclosure (including a deed of trust); or

In the event foreclosure proceedings are initiated, the Owner shall provide to the Authority written notice of such foreclosure no less than 15 days prior to such foreclosure.

(c) Notwithstanding subsections (a) and (b) above, the Code Section 42 rent requirements shall continue for a period of three (3) years following the termination or

expiration of this Agreement. During such three-year period, the Owner shall not evict or terminate the tenancy of an existing tenant of any Dwelling Unit other than for good cause and shall not increase the gross rent above the maximum allowed under the Code Section 42 with respect to such Dwelling Unit (the "Vacancy Decontrol Rule").

(d) If the Project experiences financial trouble the Owner may request a waiver from the Authority of the applicable rent restrictions stated on the Summary Page of this Agreement. The right to grant a rent restriction waiver is vested in the Executive Director of the Authority. A waiver will be based on written evidence submitted to the Authority by the Owner which must be evaluated and certified by an independent third party CPA. The Authority may waive or adjust the rent restrictions stated on the Summary Page for a period not to exceed 36 months. After 30 months, a review by the Authority of the current evidence will be conducted to determine if the waiver should be extended.

Conditions justifying a waiver of the rent restrictions includes but is not limited to the following:

- (i) Extraordinary changes in the operating expenses of the Project.
- (ii) Capital requirements necessary to maintain safe and sanitary. Dwelling Units suitable for occupancy.
- (iii) A Project lender originates changes to the financial conditions and debt arrangement that substantially impact the debt service coverage ratio requirements of the Project.

Any dispute of a waiver decision by the Executive Director of the Authority can be appealed and settled by arbitration. The arbitration board shall consist of the following mutually acceptable representatives:

- (A) A representative selected by the Executive Director of the Authority;
- (B) A representative selected by the Owner of the Project; and
- (C) A representative from the American Arbitration Association (moderator or voting member).

Under no circumstances shall the waiver process provide an opportunity for the Project to deviate from the rent restrictions stated on the Summary Page because of improved market conditions or for any reason other than an increase in the Project's county area median income, without the prior approval of the Executive Director of the Authority.

Section 6. Compliance With CROWN Program. The Owner hereby acknowledges that a material inducement for the Authority to enter into this Agreement was to provide a program to assist Qualified Tenants in moving from rented residences into home ownership by

providing, among other things, educational, supportive and counseling services (the “CROWN Program”) as more fully described on [Exhibit D] to the Property Management Agreement. The Owner hereby covenants and agrees to ensure the provision of all such educational, supportive and counseling services (collectively, the “Supportive Services”). The Owner also hereby covenants and agrees to:

(a) Operate and ensure the operation of the Dwelling Units in a manner consistent with the CROWN Program.

(b) In the event the Property Manager resigns or is otherwise replaced, (i) hire a property manager satisfactory to the Authority, (ii) use a management agreement substantially in the form of the Property Management Agreement only and acceptable to the Authority, (iii) while a replacement property manager is being hired, deposit the Home Ownership Assistance Fee into the Home Ownership Assistance Fund, (iv) while a replacement property manager is being hired, provide or pay for the provision of the Supportive Services and (v) use reasonable efforts to ensure the assignment of the Property Manager’s rights to disburse funds from the Home Ownership Assistance Fund to the new property manager.

(c) Ensure that the deposit of the Home Ownership Assistance Fee into the Home Ownership Assistance Fund and the disbursement of funds from the Home Ownership Assistance Fund are in accordance with the CROWN Program Compliance Letter (attached hereto as Exhibit E).

(d) Ensure the provision for the Supportive Services at all times, including, in the event the Property Manager resigns or is otherwise replaced, during the time a replacement property manager is being hired and upon the hiring of such replacement property manager.

It is expressly agreed to by the Owner that, in addition to any other remedy provided hereunder: (a) the Authority shall have a right to specific enforcement of the provision of the Supportive Services by the Owner or its Property Manager with respect to the Project and that, in the event such services are not provided to prospective and Qualified Tenants at any time, after notice and a reasonable period to cure, the Authority may commence an action for specific performance or arrange for substitute services at the sole cost of the Owner and (b) in the event the Home Ownership Assistance Fund is misapplied, the Authority shall have the right to direct disbursements from the Home Ownership Assistance Fund and the Owner hereby agrees to comply with the Authority’s direction.

The Owner further agrees that the Authority shall have the continuing right to monitor the Owner’s compliance with the covenants contained in this Section 6 through review of all reports requested and submitted to the Authority pursuant to this Agreement, through inspections of the books and records maintained by the Owner with respect to the Project, such inspections to be conducted during normal course of business.

Section 7. Sale of Qualified Units Upon Expiration of Qualified Project Period. For a one-year period after the end of the Compliance Period, the [Grantee/Managing

Member/General Partner], if it or an affiliate thereof has continuously served as the **[Managing Member/General Partner]** of the Owner, shall have the right of first refusal to purchase the Interest of the **[Investor Member/Partner/the Project]** (as defined in the **[Operating Agreement/Partnership Agreement]**) for a price equal to the greater of (a) the offer price, (b) \$100, (c) consistent with Section 42(i)(7) of the Code, the sum of (i) all federal, state and local taxes payable by the **[Investor Member/Partner]** attributable to such sale, (ii) the principal amount of outstanding indebtedness secured by the Project (other than indebtedness incurred within the five (5) year period ending on the date of the sale to the Qualified Tenant) and (iii) **[provisions as provided in Operating Agreement/Partnership Agreement]**.

It is expressly agreed, however, that (a) the Owner, in the event the [Grantee/General Partner/Managing Member] does not exercise its right of first refusal described above, for a period not to exceed three (3) months from the date the [Grantee/General Partner/Managing Member] gives notice to Owner that it will not exercise such right of first refusal, or (b) the [Grantee/General Partner/Managing Member] upon exercising its right of first refusal described above, shall offer to sell each Qualified Unit to any non-defaulting Qualified Tenant then in occupancy for an amount equal to \$[AMOUNT] above the amount determined in accordance with Section 42(i)(7) of the Code, as described under the right of first refusal.

If at the time a Qualified Unit is sold to a Qualified Tenant (the "Initial Sale") the fair market value of the Qualified Unit at the time the Initial Sale exceeds the sale price to the Qualified Tenant (such difference, the "CROWN Equity"), the deed transferring title to such unit shall contain a restriction limiting the proportion of the CROWN Equity allocated to such Qualified Tenant in the event the Qualified Tenant resells the Qualified Unit to a third party before such Qualified Tenant has occupied the Qualified Unit continuously for ten (10) years. The amount of CROWN Equity allocated to a Qualified Tenant at the resale by such Qualified Tenant of a Qualified Unit (the "Subsequent Sale") shall be determined in accordance with the following formula (to be set forth in the deed at the Initial Sale):

(Fair Market Value of Qualified Unit at time of Initial Sale - Purchase price of Qualified Unit at time of Initial Sale) X (Total number of years of occupancy by Qualified Tenant/10) = Amount of CROWN Equity allocated to Qualified Tenant at time of Subsequent Sale.

The remaining CROWN Equity after allocation to the Qualified Tenant in accordance with the above formula shall be funded to the Authority, which shall apply such funds toward home ownership programs in [CITY], Nebraska. The Qualified Tenant, however, shall receive any amounts in excess of the CROWN Equity attributable to the appreciation in the value of the Qualified Unit from the time of the Initial Sale to the time of the Subsequent Sale (the "Appreciation Equity").

The fair market value of a Qualified Unit is its appraised value based on an appraisal made by a licensed appraiser, selected by the Authority, who is a member of the Master Appraiser Institute and who has experience in the geographic area in which the Project is located.

The following scenarios outlining the allocation of CROWN Equity and is provided for purposes of illustration only and not limitation:

Scenario I¹

	Year 15	Year 18
Event	Initial Sale	Subsequent Sale
Qualified Tenant's Number of Years of Occupancy	6	9
Initial Sale Fair Market Value	\$80,000	\$80,000
Initial Sale Price	\$50,000	\$50,000
Subsequent Sale Price	N/A	\$90,000
CROWN Equity	$\$80,000 - \$50,000 =$ \$30,000	\$30,000
Appreciation Equity	\$0	$\$90,000 - \$80,000 =$ \$10,000
Amount of CROWN Equity Allocable to Qualified Tenant		$(\$80,000 - \$50,000) =$ $\$30,000 \times 9/10 =$ \$27,000
Amount of CROWN Equity Allocable to Authority		$\$30,000 - \$27,000 =$ \$3,000
Total of CROWN Equity and Appreciation Equity Allocable to Qualified Tenant		$\$27,000 + \$10,000 =$ \$37,000

¹Assume for each scenario that the Qualified Tenant at the Initial Sale purchases the Qualified Unit with 100% debt and that at the Subsequent Sale no portion of the principal of this debt has been amortized.

Scenario II

	Year 15	Year 21
Event	Initial Sale	Subsequent Sale
Qualified Tenant's Number of Years of Occupancy	4	10
Initial Sale Fair Market Value	\$80,000	\$80,000
Initial Sale Price	\$50,000	\$50,000
Subsequent Sale Price	N/A	\$95,000
CROWN Equity	$\$80,000 - \$50,000 = \$30,000$	\$30,000
Appreciation Equity	\$0	$\$95,000 - \$80,000 = \$15,000$
Amount of CROWN Equity Allocable to Qualified Tenant		$(\$80,000 - \$50,000) = \$30,000$ $\times 10/10 = \$30,000$
Amount of CROWN Equity Allocable to Authority		$\$30,000 - \$30,000 = \$0$
Total of CROWN Equity and Appreciation Equity Allocable to Qualified Tenant		$\$30,000 + \$15,000 = \$45,000$

Upon the [Grantee/General Partner/Managing Member] exercising its right of first refusal described above, with respect to any Qualified Unit not purchased by a Qualified Tenant, the [Grantee/General Partner/Managing Member] shall continue the achievement of the CROWN Program goals for each such Qualified Unit for a period of 15 additional years and, at the expiration of such additional 15 years, offer to sell each Qualified Unit to the Qualified Tenant then in occupancy. A Qualified Unit shall be sold to a Qualified Tenant for an amount equal to \$[AMOUNT] above the amount determined in accordance with Section 42(i)(7) of the Code, as described under the right of first refusal.

In the event neither the Owner nor Qualified Tenant elects to exercise its respective rights outlined in this Section 7 upon the expiration of the Qualified Project Period, the Authority shall have the option to purchasing any Qualified Unit for an amount determined in accordance with Section 42(h)(6)(F) of the Code.

Section 8. Internal Revenue Service Notification. In the event the Authority discovers any noncompliance of any provisions of this Agreement, the Authority shall immediately give written notice to the Owner. The Owner shall have sixty (60) days from the date of such notice (the "Correction Period") to correct such noncompliance. Following the Correction Period, the Authority will file with the IRS a copy of IRS Form 8823, explaining the nature of the noncompliance and whether or not such noncompliance has been corrected. Noncompliance includes, but is not limited to (a) failure to receive or failure to permit the Authority to inspect

tenant income certifications, supporting documentation and/or rent records, (b) upon inspection, noncompliance with provisions of Section 42 of the Code, and (c) any change in the applicable fraction or eligible basis of the Project that would result in a decrease in the Qualified Basis.

Section 9. The Authority is authorized and entitled to do all acts necessary to comply with the monitoring and notification responsibilities set forth in Section 42(m)(1)(B)(iii) of the Code and any Regulations or other interpretations thereof by the IRS or the courts.

Section 10. Covenants Run With the Project Site. The Owner hereby declares its express intent that the covenants, restrictions, charges and easements set forth herein shall be deemed covenants running with the Project Site and shall pass to and be binding upon the Owner's successors in title including any purchaser, grantee, owner or lessee of any portion of the Project and any other person or entity having any right, title or interest therein and upon the respective heirs, executors, administrators, devisees, successors and assigns of any purchaser, grantee, owner or lessee of any portion of the Project and any other person or entity having any right, title or interest therein. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof or interest therein shall contain an express provision making such conveyance subject to the covenants, restrictions, charges and easements contained herein; provided, however, that any such contract, deed or other instrument shall conclusively be held to have been executed, delivered and accepted subject to such covenants, regardless of whether or not such covenants are set forth or incorporated by reference in such contract, deed or other instrument.

Section 11. Uniformity; Common Plan. The provisions of this Agreement shall apply uniformly to the entire Project to establish and carry out a common plan for the use, development, and improvement of the Project Site.

Section 12. Remedies; Enforceability. In the event of a violation or attempted violation of any of the provisions of this Agreement, any one or more of the following may institute and prosecute any proceeding at law or in equity to abate, prevent or enjoin any such violation or attempted violation or to recover monetary damages caused by such violation or attempted violation or to otherwise enforce any provision hereof: (a) the Authority or any governmental entity succeeding to the Authority's functions or (b) any individual who meets the income limitation applicable under Section 42 of the Code (whether prospective, present or former occupant). The provisions of this Agreement are imposed upon and made applicable to the Project and shall run with the Project Site and shall be enforceable against the Owner and each purchaser, grantee, owner or lessee of the Project or any portion thereof or interest therein, at any time and from time to time, and the respective heirs, legal representatives, successors and assigns of the Owner and each such purchaser, grantee, owner or lessee. No delay in enforcing the provisions of this Agreement as to any breach or violation shall impair, damage or waive the right of any party entitled to enforce the same or obtain relief against or recover for the continuation or repetition of such breach or violation of any similar breach or violation thereof at any later time or times. In addition, if any violation of this Agreement is not corrected on a timely basis, the Authority may impose quarterly reporting responsibilities pertaining to such matters, as the Authority deems reasonable upon the Owner. Failure by the Owner to comply with any such reporting responsibilities shall constitute a violation of this Agreement.

Section 13. Amendment; Termination. Except as set forth in Section 2(e) hereof, the provisions of this Agreement shall not be amended, revised or terminated (except as provided in Sections 5 and 7 of this Agreement) prior to the stated term hereof except by an instrument in writing duly executed by the Authority and the Owner (or its successors in title) and duly recorded. The Authority's consent to any such amendment, revision or termination, other than a termination pursuant to Section 5 of this Agreement, shall be given only if (a) there shall be attached to the document evidencing such amendment, revision or termination an opinion of the Owner's counsel satisfactory to the Authority that such amendment, revision or termination will not result in noncompliance of the Project or the Owner with Section 42 of the Code or (b) evidence satisfactory to the Authority has been submitted to the Authority demonstrating that there has occurred an involuntary noncompliance caused by fire, seizure, requisition, change in federal law, action of a federal agency which prevents the Authority from enforcing this Agreement or condemnation or similar event. Notwithstanding the foregoing, this Agreement shall not terminate by reason of the aforementioned foreclosure, transfer of title by deed in lieu of foreclosure or other similar event, if the Owner or any related person or any person with whom the Owner has had family or business ties obtains an ownership interest in the Project for federal tax purposes during the period in which the restrictions of this Agreement are or would be in effect.

Section 14. No Conflict With Other Documents. The Owner represents, warrants and covenants that it has not executed and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions of this Agreement and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herein.

Section 15. Fees, Release and Indemnification. The Owner agrees to pay the Authority—a nonrefundable application fee, equal to the greater of 1% of the annual LIHTC requested or \$500. The Owner agrees to pay the Authority a nonrefundable reservation/commitment fee equal to the greater of 2% of the annual LIHTC amount received or \$500. In addition, the Owner agrees to pay the Authority a nonrefundable allocation fee equal to 2% of the annual LIHTC allocated and an annual fee equal to the greater of 2% of the annual LIHTC allocated or \$500. Any extraordinary legal fees incurred by the Authority with respect to the Project will be paid by the Owner. The Owner hereby agrees to pay, indemnify and hold the Authority harmless from any and all costs, expenses and fees, including all reasonable attorneys' fees which may be incurred by the Authority in enforcing or attempting to enforce this Agreement, including, but not limited to (a) in the event that the various reports are not submitted as required hereunder and the Authority conducts an on-site inspection of the Owner's book and records and (b) following any default on the part of the Owner hereunder or its successors, whether the same shall be enforced by suit or otherwise, together with all costs, fees and expenses which may be incurred in connection with any amendment to this Agreement or otherwise by the Authority at the request of the Owner (including, but not limited to, the reasonable fees and expenses of the Authority's counsel in connection with any opinion to be rendered hereunder). The Owner agrees to release the Authority from any claim, loss, demand or judgment as a result of the allocation of tax credit dollars to the Project or the recapture of same by the IRS, and to indemnify the Authority for any claim, loss, demand or judgment against the Authority as the result of an allocation of tax credit dollars to the Project or the recapture of same by the IRS.

Section 16. Severability. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

Section 17. Notices. All notices to be given pursuant to this Agreement shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing:

Owner: To the name and address set forth on the Summary Page hereof.

Authority: Nebraska Investment Finance Authority
Suite 200
1230 O Street
Lincoln, NE 68508
Attention: Executive Director

Section 18. Governing Law. This Agreement shall be governed by the laws of the State of Nebraska.

Section 19. Termination. Notwithstanding any other provisions hereof, this Agreement and the restrictions and other provisions hereunder shall terminate on the termination of the Qualified Project Period without any further action being taken by any party hereto.

Section 20. Counterparts. This 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 21. Subordination. The Owner has borrowed funds from Lender and such amounts are secured by the Project. In order to ensure the viability of the Project's federal low income housing tax credits pursuant to Section 42 of the Code, Lender hereby agrees to subordinate its rights prior to foreclosure to the provisions of this Agreement throughout the term of this Agreement, as set forth in Section 5, and to the Vacancy Decontrol Rule following foreclosure.

Section 22. Recording and Filing Upon execution and delivery by the parties hereto, the Owner shall cause this Agreement and all amendments and supplements hereto to be duly recorded in the office of public records in the County where the Project is located as an encumbrance upon the Project Site and provide a copy to the Authority.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed and by their respective duly authorized representatives as of the day and year first written above.

OWNER:

[NAME]

By [NAME]

Employer Identification
Number (EIN): _____

By _____
Printed Name _____
Title _____

AUTHORITY:

NEBRASKA INVESTMENT FINANCE
AUTHORITY
Employer Identification
Number (EIN): 47-0613449

By _____
Authorized Officer

Printed Name _____

Agreed to and Acknowledged by:

LENDER[S]

By _____

Printed Name _____
Title _____

By _____

Printed Name _____
Title _____

By _____

Printed Name _____

Title _____

STATE OF NEBRASKA)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this ____ day of _____,
20__ by _____ of _____, as the **[managing
member/general partner]** of and for and on behalf of the Owner.

Notary Public

My commission expires:

STATE OF NEBRASKA)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this ____ day of _____,
20__ by _____, an Authorized Officer of the Nebraska Investment
Finance Authority.

Notary Public

My commission expires:

STATE OF NEBRASKA)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this ____ day of _____,
20__ by _____, for and on behalf of the Lender.

Notary Public

My commission expires:

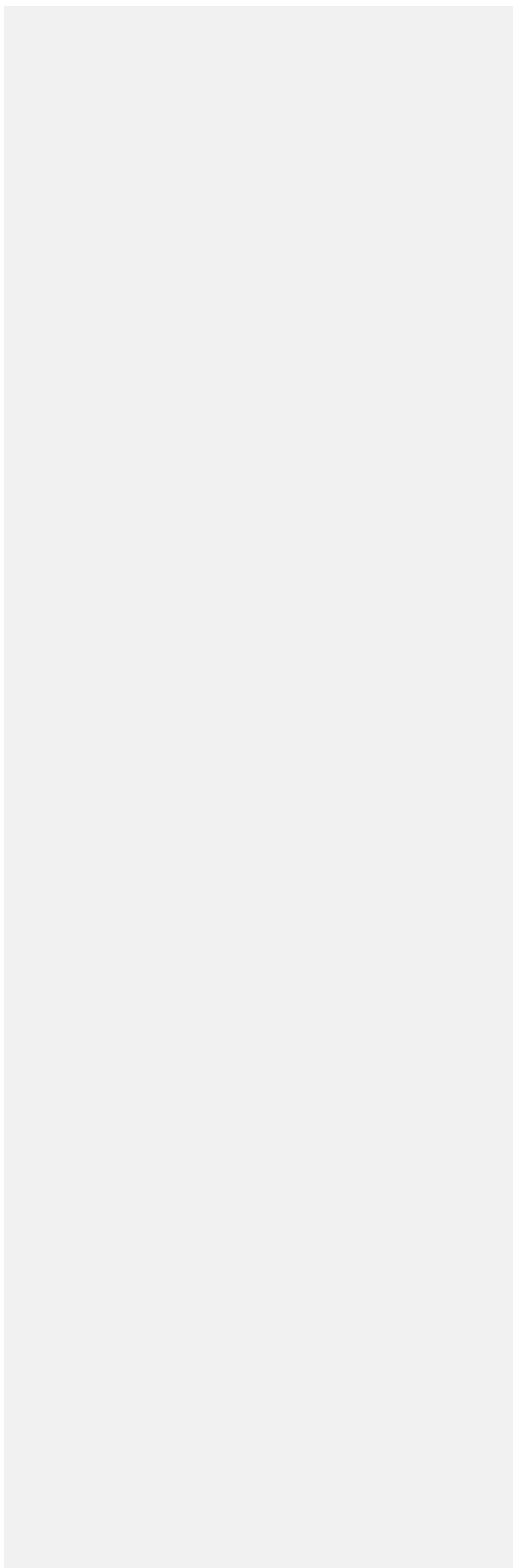


EXHIBIT A
DESCRIPTION OF PROJECT SITE

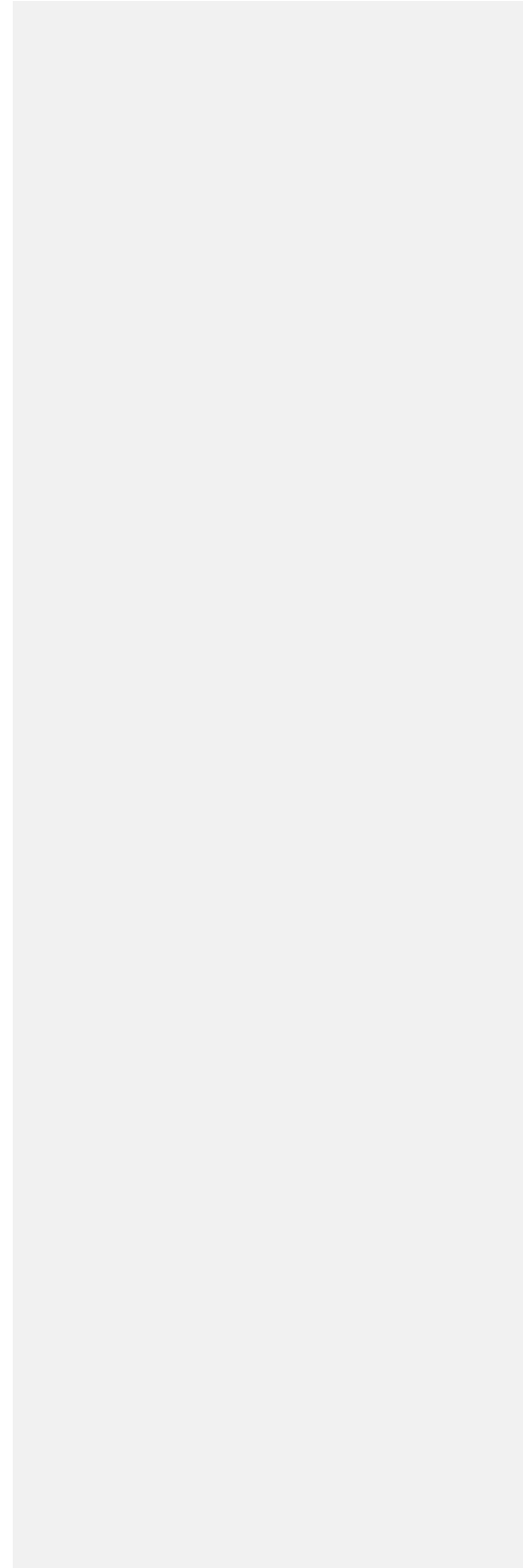


EXHIBIT B
QUALIFIED TENANT FORMS

EXHIBIT C
OWNER'S CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

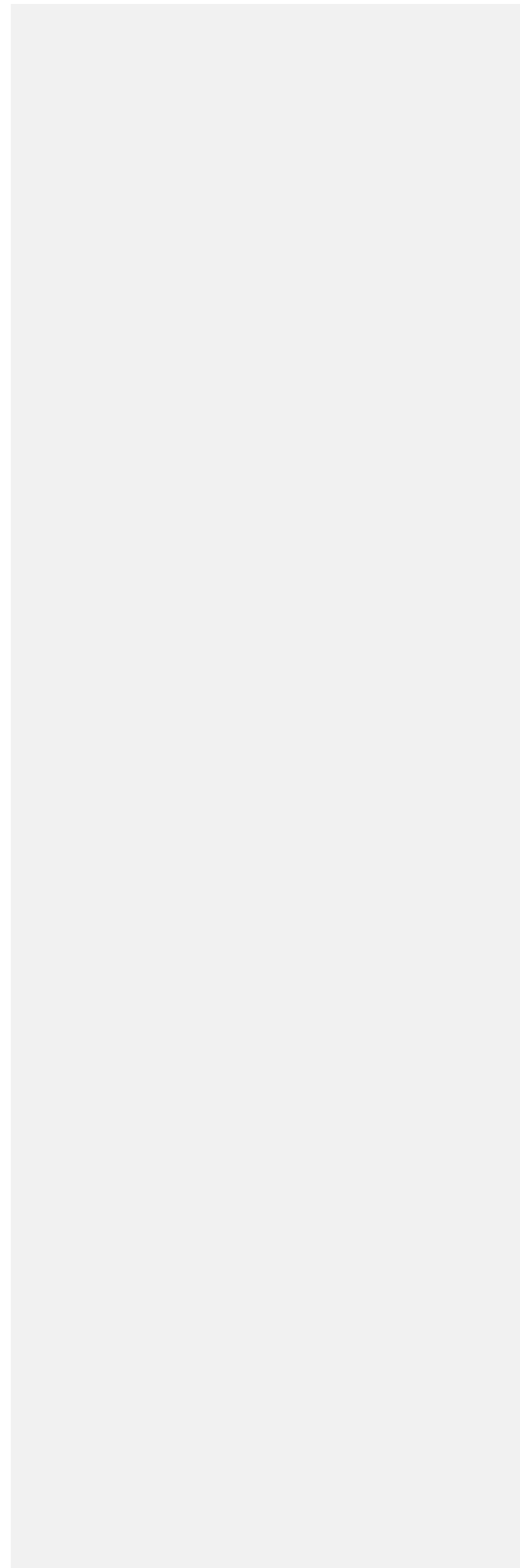


EXHIBIT D
ANNUAL TAX CREDIT SUMMARY REPORT

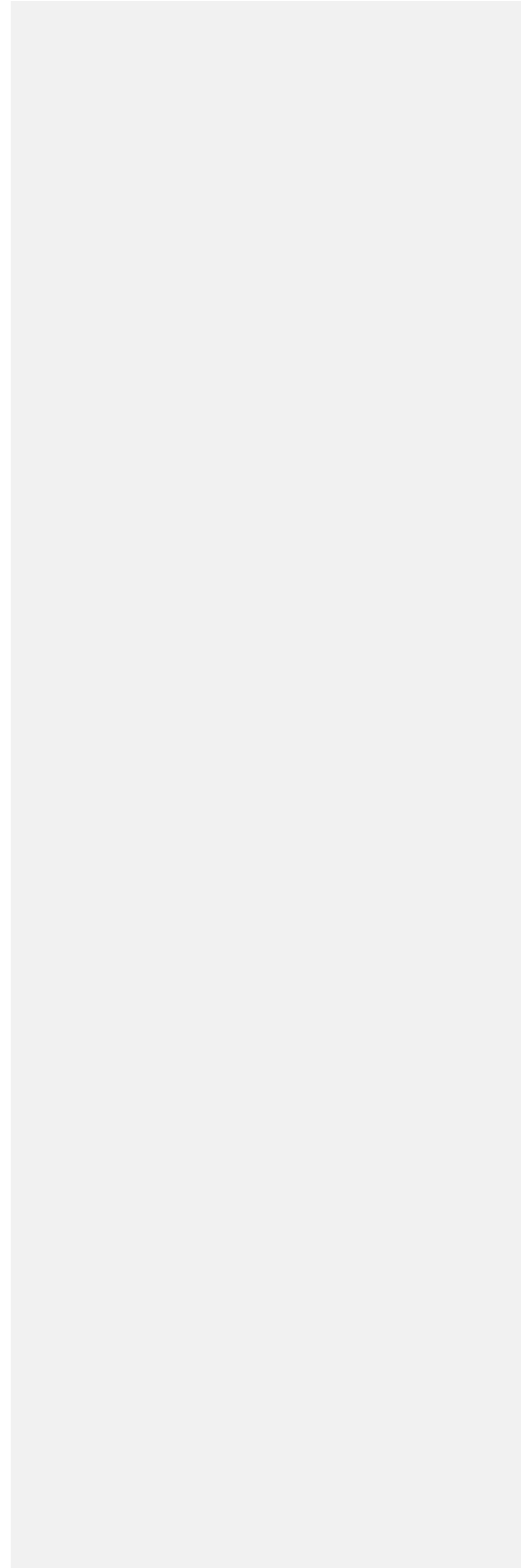


EXHIBIT E

CROWN PROGRAM COMPLIANCE LETTER

CROWN Program Compliance Letter

Owner Name : _____(the "Owner")

Development Name: _____(the "Development")

NIFA LIHTC Project No.: _____

Section 1: Description of CROWN Set-Aside

1. A long-term CROWN development is a rent to own residential dwelling pursuant to a plan and documents approved in advance by NIFA that will be sold to a qualified tenant at the end of the 15 – year compliance period.
2. The Owner must set aside \$50 per month for each tenant in the Development. This set-aside will be used by the tenant to assist in the purchase of a home at a future date. Based on _____ units, each tenant will accumulate \$ _____ over _____ the Development’s 15-year compliance period for each, or \$ _____ for the total units constructed by the Owner.

Section 2: Development Specific CROWN Requirements.

1. The Owner has constructed (list the number of dwelling units) _____ units (the "Home(s)"), and at the end of the Development’s 15-year compliance period the Owner will make these Home(s) available for sale to qualified tenants.
2. The cost per Home is \$ _____ (average cost, based on Final Cost Certification Documentation submitted to NIFA on _____, 20__).
3. The Home(s) will be sold for a price determined under Section 42(i)(7) of the Internal Revenue Code of 1986, as amended. The minimum purchase price under this subparagraph is an amount equal to the sum of:
 - a. the principal amount of outstanding indebtedness secured by each Crown Unit (other than indebtedness incurred within the 5-year period ending on the date of the sale to a qualified tenant), plus
 - b. all Federal, State, and local taxes attributable to such sale.

4. The Owner shall establish a “Rent to Own” program under which a qualified tenant can purchase a Home at the end of the Development’s 15-year compliance period. The Owner will establish a separate tenant escrow account for each tenant. The tenant escrow will be held in an interest bearing account and will be utilized as discussed in Section 1.2 above. The funds can be used for the following: (i) down-payment, (ii) closing cost assistance, and/or (iii) any physical upgrades as set forth in Section 6 which may be required on a replacement basis.
5. The Owner will provide NIFA copies of all bank statements related to the tenant escrow accounts described above, as requested throughout the term of the Development’s 15-year compliance period.
6. The Owner will, on an as needed basis, renovate a Home prior to the sale to a qualified tenant. Renovations include, but are not limited to:
 - a. Repair or replacement of the roof.
 - b. Replacement of all appliances.
 - c. Replacement of all floor coverings (vinyl and carpet).
 - d. Complete repainting of all interior rooms.
 - e. Replacement of a garage door.
7. Estimated costs for renovation are estimated to be \$_____ per Home. Funding for renovations include the following sources:
 - a. Any remaining replacement reserves.
 - b. Operating reserve.
 - c. Any needed short term financing until the Crown Unit is sold.
8. Replacement reserves will be established by the Owner, and will be used to repair or replacement items as set forth in Section 6. During the Development’s 15-year compliance period, \$_____ will be set-aside for the replacement reserve (\$_____ per year per Home).
9. An operating reserve will be established by the Owner, and will be used to fund any operating and/or debt-service shortfalls during the Development’s 15-year compliance period (the “Operating Reserve”). Based on the Final Cost Certification Documentation submitted to NIFA on _____, 20__, the required Operating Reserve for this Development is \$_____.

Signed: _____

Title: _____

Date: _____

EXHIBIT F

PROPERTY MANAGEMENT AND SUPPORTIVE SERVICES AGREEMENT

between

[OWNER]

and

[NAME]

Dated as of [DATE]

**PROPERTY MANAGEMENT AND
SUPPORTIVE SERVICES AGREEMENT**

THIS PROPERTY MANAGEMENT AND SUPPORTIVE SERVICES AGREEMENT (this “Agreement” or this “Property Management Agreement”) is made effective as of the [] day of [DATE], 20__, by and between [NAME], a Nebraska [ENTITY] (“Owner”), and [NAME], a Nebraska [ENTITY] (“Manager”). Capitalized terms not defined herein shall have the respective meanings set forth in the First Amended and Restated Agreement of Limited Partnership of Owner dated [DATE] (the “Partnership Agreement”)

RECITALS

- A. Owner owns certain real property located in [CITY], Nebraska, together with all improvements, appurtenances and equipment located thereon, comprising a total of thirteen single family homes intended for rental to persons and families of low and moderate income single (the “Project”), each at the addresses set forth on Exhibit A hereto (each, a “Unit” and collectively, the “Units”).
- B. Owner desires the Project to be managed in accordance with specific requirements set forth herein to facilitate home ownership by persons presently unable to purchase a single-family house, through counseling, education and evaluation in connection with a program known as the “CROWN Program” and more fully described herein and on the Description and Requirements of CROWN Program attached hereto as Exhibit D.
- C. Owner wishes to obtain the services of Manager in connection with the management of the Project, consistent with the CROWN Program and, subject to the terms and provisions of this Agreement, and Manager wishes to perform such services in exchange for the management fee provided herein.
- D. This Agreement amends, restates and supersedes any and all prior management agreements between the parties hereto with respect to the management of the subject property.

ARTICLE X

APPOINTMENT AND ACCEPTANCE

Owner hereby appoints Manager as its exclusive agent to manage, operate, maintain and otherwise be responsible for renting the Units in the Project, and Manager hereby accepts the appointment, subject to the terms and conditions set forth in this Agreement.

ARTICLE XI

TERM

This Agreement shall become effective on the date hereof and shall continue in full force and

effect for a period of three years from the date hereof and shall be automatically extended for one-year renewal periods thereafter, subject to the following conditions:

(a) Either Owner or Manager may elect not to extend or renew this Agreement by notifying the other party at least sixty (60) calendar days in advance of the last day of the initial period hereunder or any annual extension period thereafter.

(b) This Agreement may be terminated at any time by the mutual written consent of the Owner and Manager.

(c) In the event Manager fails to perform any of its duties hereunder or to comply with any of the provisions hereof, Owner shall notify both Manager and the Nebraska Investment Finance Authority (the "Authority") by certified mail and Manager shall have ten (10) days thereafter within which to cure such default to the reasonable satisfaction of Owner, and if such default cannot be cured within such ten (10) day period, Manager shall have such additional time as may be necessary to cure the same provided that Manager demonstrates to the continuing satisfaction of Owner that it is diligently pursuing all necessary actions to cure such default and that the same will be cured within a reasonable time without damage or expense to Owner.

(d) In the event a petition in bankruptcy is filed by or against Owner or Manager, or in the event Owner or Manager makes an assignment for the benefit of creditors or takes advantage for the benefit of creditors or takes advantage of any insolvency act, Owner or Manager may terminate this Agreement immediately, provided notice of the same shall be provided to the other party.

(e) This Agreement may be terminated by the Owner without cause at any time by 30 day notice to Manager.

(f) This Agreement may be terminated by Owner upon fifteen (15) days written notice to Manager upon the withdrawal or removal of any managing member/general partner of Owner or upon the dissolution of Owner.

Within five (5) days after the termination of this Agreement, Manager shall close all accounts of the Project (except for the Home Ownership Assistance Fund), deliver the proceeds of such accounts to Owner, assign all certificates of deposit or other similar accounts of the Project to Owner, and deliver all keys, passwords, and security codes to Owner. Within ten (10) days after the termination of this Agreement, Manager shall deliver to Owner (i) all plans and surveys of the Project in its possession, and (ii) all books and records concerning the Project in its possession, including all tenant files. Within thirty (30) days after the termination of this Agreement, Manager shall submit to Owner all reports required under Section 3.10 hereof to the date of such termination, and Manager and Owner shall account to each other with respect to all matters outstanding as of the date of termination.

All funds deposited in the Home Ownership Assistance Fund and not disbursed to Qualified Tenants (as defined in that certain Land Use Restriction Agreement by and between the Owner and the Nebraska Investment Finance Authority (the "Authority") with respect to the Project (the "LURA")) in accordance with this Agreement shall, at the termination of this Agreement, remain in the Home Ownership Assistance Fund and Manager shall assign its rights to the Home Ownership

Assistance Fund to Owner.

ARTICLE XII

SERVICES OF MANAGER

Section 12.01. Rentals. Manager shall offer for rent and shall use its best efforts to rent the Units in accordance with the Leasing Guidelines attached as Exhibit C and in accordance with the Asset Management Plan (attached as Exhibit B hereto, as the same may be amended, restated or appended from time to time by mutual agreement of the parties, and all the terms and conditions of which are incorporated herein). Pursuant to its rental responsibilities, Manager shall:

- (a) show Units for rent in the Project to all prospective tenants;
- (b) take and process applications for rentals, including prospective tenant interviews and credit checks. If an application is rejected, the applicant shall be advised of the reason for rejection;
- (c) comply with the leasing and other requirements contained in (i) Section 42 of the Internal Revenue Code (the "Code") with respect to the Units eligible for the low-income housing tax credit, and (ii) the LURA;
- (d) comply with the Leasing Guidelines attached hereto as Exhibit C and by this reference made a part hereof, and use with respect to each lease (i) the form of lease previously approved by [NAME], (ii) the form of Maintenance Contract attached hereto as Exhibit E and by this reference made a part hereof (the "Maintenance Contract") and (iii) the form of Participation Contract attached hereto as Exhibit F and by this reference made a part hereof (the "Participation Contract");
- (e) be responsible for or assist Owner in the certification and recertification of tenants covered by any Housing Assistance Payments Contract that may be applicable to the Project with respect to federal Section 8 rent subsidies, following procedures required by the U.S. Department of Housing and Urban Development ("HUD");
- (f) collect, deposit and disburse security deposits in accordance with applicable law and the terms of this Agreement and each Lease. Interest on security deposits shall be paid according to the Leases and applicable law;
- (g) maintain a current list of acceptable prospective tenants and undertake all arrangements necessary and incidental to the acceptance of rental applications and the execution of Leases. Manager shall exercise its best efforts (including, but not limited to, placement of advertising, interviewing prospective tenants, assisting and counseling in completion of rental applications and execution of Leases, processing documents and credit and employment verifications and explanation of the Crown Program and operations of Owner) to effect the leasing of the Units and renewal of Leases so that the Project is occupied as fully as possible by qualified low-income tenants;

(h) perform such other acts and deeds requested by Owner as are reasonable, necessary and proper in the discharge of Manager's rental duties under this Agreement;

(i) prorate the first month's rent collected from each Qualified Tenant should the Lease term commence on any other day than the first day of the month;

(j) participate in the inspection of each dwelling unit identified in the Lease together with each Qualified Tenant prior to move-in and upon move-out, and record in writing any damage to the unit at the time such Qualified Tenant moved in and any damage occurring during such Qualified Tenant's occupancy; and

(k) ensure the performance and provision of the supportive services (the "Supportive Services") described in the Description and Requirements of CROWN Program attached hereto as Exhibit D and by this reference made a part hereof (the "Crown Program") and otherwise manage the Project at all times in conformance with the CROWN Program and the LURA.

Section 12.02. Qualified Rental Use. Manager acknowledges that Owner is required to lease all of the Units in the Project to tenants whose income and rent levels qualify such apartments for inclusion in determining federal low-income housing tax credits (the "Credits") for the Project pursuant to Section 42 of the Code and otherwise in accordance with the LURA. This means that [] of the Units must be occupied by individuals with income less than or equal to [50]% of area median gross income, taking into account family size and that [] of the Units must be occupied by individuals with income less than or equal to [60]% of area median gross income, taking into account family size.

Manager further acknowledges that obtaining the Credits will have substantial economic value to Owner and its members. Manager will familiarize itself with the low-income housing tax credit requirements as they relate to Manager's leasing and management duties hereunder and shall use its best efforts to comply with such requirements, and, to the extent Manager is unable to do so, Manager shall promptly notify Owner of such fact and the reasons therefor. Incidental thereto, the following provisions shall apply:

(a) Manager agrees to attend at least one Compliance Training seminar sponsored by the Authority.

(b) Manager shall require each prospective tenant to certify, on the Lease application or Lease, the amount of such tenant's annual family income, family size and any other information required to enable Owner to obtain the Credits or otherwise reasonably requested by Owner. Manager shall obtain from each prospective tenant's employer (if any) a verification of the prospective tenant's income, and shall perform such other verifications of such tenant's non-employment income as are necessary or appropriate in order to provide necessary certification and verification of the amount of such tenant's annual family income and family size and any other information reasonably requested by Owner in writing in connection with the Credits. To the extent required by the Code or by the Authority, Manager shall require Qualified Tenants to certify in writing as to such matters on an annual basis, prior to such time as the information is required for reporting purposes.

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(c) Manager shall from time to time furnish Owner with a written schedule of maximum rents for the apartments which complies with the Code for Owner's (and any lender's, if required) approval. Without Owner's express prior written consent, Manager shall not enter into any Lease on behalf of Owner at a rental amount exceeding the applicable maximum.

(d) Manager shall maintain and preserve all written records of Qualified Tenant family income and size, and any other information reasonably requested by Owner in writing in connection with the Credits, throughout the term of this Agreement, and shall turn all such records over to Owner upon the termination or expiration of this Agreement.

(e) If requested by Owner, Manager shall prepare reports of low-income leasing and occupancy and other matters related to Manager's obligations hereunder and to the operation of the Project in form suitable for submission in connection with the Credits and in compliance with the Code and any requirements of the Authority, including those set forth in the LURA applicable to the Project.

Section 12.03. Collection of Rents and Other Receipts. Manager shall collect, when due, all rents, charges and other amounts receivable on Owner's account in connection with the management and operation of the Project and place such funds in the Project operating account (the "Operating Account") for disbursement in accordance with Section 3.08. Manager shall also collect security deposits and place the same in a separate Project account (the "Security Deposit Account"). Funds in the Security Deposit Account shall be retained and disbursed in accordance with Section 3.08.

Section 12.04. Enforcement of Leases. Manager shall take all reasonable action to secure full compliance by each Qualified Tenant with the terms of such Qualified Tenant's Lease. Voluntary compliance will be emphasized, and Manager shall counsel Qualified Tenants and make referrals to community agencies in cases of financial hardship or under other circumstances deemed appropriate by Manager, to the end that involuntary termination of tenancies may be avoided to the maximum extent consistent with sound management of the Project. Nevertheless, Manager may, and shall if requested by Owner, lawfully terminate any tenancy when, in Manager's judgment, sufficient cause for such termination occurs under the terms of Qualified Tenant's Lease, including, but not limited to, nonpayment of rent. For this purpose, Manager is authorized to consult with legal counsel to be designated by Owner and bring actions for eviction and execute notices to vacate and judicial pleadings incident to such actions; provided, however, that Manager shall keep Owner informed of such actions and shall follow such instructions as Owner may prescribe for the conduct of any such action. Reasonable attorneys' fees and other necessary costs incurred in connection with such actions, as determined by Owner, shall be paid by Owner. Manager shall properly assess and collect from each Qualified Tenant or the security deposit the cost of repairing any damages to the housing unit arising during such Qualified Tenant's occupancy.

Section 12.05. Maintenance and Repairs. Manager shall, at Owner's expense, maintain the Project in a decent, safe and sanitary condition and in a rentable state of repair, all in accordance with the Project rules, regulations and local codes, and Manager shall otherwise maintain the Project at all times in a condition acceptable to Owner, including but not limited to

cleaning, painting, decorating, plumbing, carpentry, grounds care and such other maintenance and repair work as may be necessary. Incidental thereto, the following provisions shall apply:

(a) Special attention shall be given to preventive maintenance, and, to that end, the services of regular maintenance personnel shall be used to the extent feasible.

(b) Subject to Owner's prior written approval, Manager shall contract with qualified independent contractors for the maintenance and repair of major mechanical systems and for the performance of extraordinary repairs beyond the capability of regular maintenance personnel. Manager shall obtain prior to commencement of any work appropriate written evidence of such contractor's liability and workers' compensation insurance.

(c) Manager shall systematically and promptly receive and investigate all service requests from Qualified Tenants, take such action thereon as may be justified and keep records of the same. Emergency requests shall be received on a 24-hour basis.

(d) Manager shall in good faith use all reasonable efforts to take such action as may be necessary to comply with any and all orders and requirements of federal, state, county and municipal authorities having jurisdiction over the Project and order of any board of fire underwriters, insurance companies and other similar bodies pertaining to the Project.

(e) Except as otherwise provided in this section, Manager is authorized to purchase, at Owner's expense, all materials, equipment, tools, appliances, supplies and services necessary for proper maintenance and repair of the Project. Notwithstanding the foregoing, the prior written approval of Owner will be required for any contract which exceeds one year in duration or expenditure which exceeds \$1,000 in any one instance for labor, materials or otherwise in connection with the maintenance and repair of the Project, except for (i) emergency repairs that either (A) involve manifest danger to persons or property, or (B) are required to avoid suspension of any necessary service to the Project. In the event of emergency repairs, Manager shall notify Owner of the facts promptly and in no event later than 72 hours from the occurrence of the event.

Section 12.06. Utilities and Services. Manager shall make arrangement for water, electricity, gas, fuel, oil, sewage and trash disposal, vermin extermination, decoration of common areas, laundry facilities, telephone services and other necessary services in connection with the Project.

Section 12.07. Personnel. All on-site personnel, including, without limitation, a housing counselor (the "Housing Counselor"), which Housing Counselor the Manager hereby agrees to retain and provide at all times during the term of this Agreement and whose responsibilities shall include those described on Exhibits C, D, E and F attached hereto, shall be contracted service providers or employees of Manager, and Manager shall be responsible for all compensation, insurance, payroll taxes and other similar costs with respect thereto. Among other things, Manager shall be responsible for (i) all employment expenses, including but not limited to insurance, salaries, wages, payroll taxes, cost of employee benefits plans and temporary help expense, of employees of the Manager; (ii) bookkeeping fees incurred in connection with

maintenance of the Project's records and the preparation of unaudited monthly financial statements for Owner; and (iii) Fidelity Bond and other appropriate coverage. Owner shall bear all expenses not expressly assumed by Manager above, including, without limitation, compensation (including fringe benefits) payable to maintenance employees or any other personnel hired by Manager, and all local, state and federal taxes and assessments (including, but not limited to, Social Security taxes, unemployment insurance and workman's compensation insurance) incident to the employment of such personnel; building supplies and equipment; postage; copy charges; long distance telephone; tenant credit inquiries; and other related office expenses.

Section 12.08. Project Operating Account. Disbursements from the Operating Account established pursuant to Section 3.03 shall be governed by the following:

(a) From the funds collected and held by Manager in the Operating Account pursuant to Section 3.03 hereof and subject to Owner's approved operating budget, Manager shall make the following disbursements promptly when payable, in the following order of priority: (i) real estate taxes and assessments and fire and hazard insurance premiums (including any required monthly escrow payments therefor), utilities, interest on the Mortgages, amortization of the principal of the Mortgages, fees and establishment and maintenance of all reserve funds; (ii) other payments due and payable by Owner as operating expenses incurred pursuant to Owner's approved operating budget and in accordance with this Agreement; (iii) \$50 per Unit per month to the Home Ownership Assistance Fund, in accordance with Section 3.15; (iv) Manager's compensation and reimbursements (including any accrued fee and any interest thereon); and (v) distributions to or at the direction of Owner, including distributions to Owner's members in accordance with Owner's Operating Agreement. Owner directs Manager to deposit/transfer funds to an interest-bearing account or accounts in Owner's name for the purpose of escrowing moneys for future expenses or for the purpose of decreasing funds held in the Operating Account not required for the payment of normal day-to-day operating expenses. OWNER ACKNOWLEDGES THAT TENANT SECURITY DEPOSITS ARE THE LIABILITY OF THE OWNER. MANAGER SHALL COLLECT THE SECURITY DEPOSITS AND HOLD THEM IN THE SECURITY DEPOSIT ACCOUNT AND SHALL ONLY DISBURSE SECURITY DEPOSIT MONEYS ACCORDING TO THE TERMS SET OUT IN THE TENANT'S LEASE AGREEMENT AND APPLICABLE LAW. Funds in the Security Deposit Account shall not be utilized to pay the Project's expenses.

(b) In the event that the balance in the Operating Account is at any time insufficient to pay disbursements due and payable under this Section 3.08, Manager shall promptly inform Owner of the fact, and Owner will then remit to Manager sufficient funds to cover the deficiency. In no event shall Manager be required to use its own funds to pay such disbursements.

Section 12.09. Operating Budget. Manager shall prepare a recommended annual operating budget and projected rental rates for the Project for each fiscal year during the term of this Agreement, and shall submit the same to Owner at least 60 days before the beginning of such fiscal year. The annual operating budget shall include a schedule of recommended rents to be charged for each housing unit, including recommended rent increases with respect to Lease

renewals and new Leases. Proposed annual operating budgets for the Project shall be subject to approval by Owner. Owner shall inform Manager of any changes incorporated in the approved operating budget, and Manager shall make no expenditures in excess of the amounts set forth in such approved operating budget, without the prior written approval of Owner, except as permitted pursuant to Section 3.05 hereof for emergency repairs involving manifest danger to persons or property, or required to avoid suspension of any necessary services to the Project.

Section 12.10. Records and Reports. In addition to any requirements specified in this Agreement, Manager shall have the following responsibilities with respect to records and reports:

(a) Manager shall establish and maintain a system of records, books and accounts in a manner satisfactory to Owner which is consistent with and for the durations mandated by the Code and which system of records, books and accounts shall include the Home Ownership Assistance Fund and any and all disbursements in connection with the Crown Program. All records, books and accounts shall be subject to examination at reasonable hours upon reasonable notice by any authorized representative of Owner.

(b) Manager shall prepare monthly reports as requested by and in form satisfactory to Owner, containing and including at least the following: (i) a statement of income and expenses and accounts receivable and payable for the preceding period, including an itemized list of all delinquent rents as of the tenth day of the current period, as well as a report on action taken thereof by Manager; (ii) a rent roll/cash receipts form for the previous period; (iii) a disbursements summary for the previous period; (iv) current bank statements with reconciliation of all bank accounts; (v) copies of paid bills and invoices for the previous period; and (vi) a narrative of any unusual actions taken or emergencies responded to, and a full report of any accidents, claims and potential claims, for the previous period. Manager shall prepare separate monthly reports with respect to the Home Ownership Assistance Fund, setting forth the information described in paragraphs (i)-(vi), above. Manager shall submit each such report to Owner on or before the fifteenth day of each period.

(c) Manager shall prepare, execute and file all forms, reports and returns required by law in connection with the employment of personnel, unemployment insurance, workmen's compensation insurance, disability benefits, Social Security and other similar insurance, and all other benefits or taxes now in effect or hereafter imposed.

(d) All bookkeeping, data processing services and management overhead expenses shall be paid for by Manager.

(e) Manager shall promptly furnish such additional information (including monthly occupancy reports) as may be requested from time to time by Owner with respect to the rental and financial, physical or operating condition of the Project.

(f) Manager shall establish tenant files containing copies of Leases, certification forms, notices and other documentation required by Owner as necessary to comply with the Code and the regulations thereunder.

Section 12.11. Tenant-Management Relations. Manager shall encourage and assist tenants of the Project to participate in a residents' organization to promote tenants' common interests and to increase their ability and incentive to protect and maintain the Project and to contribute to its efficient management.

Section 12.12. Owner Communications. Manager shall be available for communications with Owner and shall keep Owner advised of items materially affecting the Project.

Section 12.13. Non-Discrimination. In the performance of its obligations under this Agreement, Manager will comply with the provisions of any federal, state or local law prohibiting discrimination in housing on the grounds of race, color, religion, sex, handicap, familial status or national origin, as implemented by the Fair Housing Standards Act of 1988, as amended.

Section 12.14. Compliance With Crown Program. Manager shall manage the Project at all times in conformance with the Crown Program as more fully described in the LURA and in the Description and Requirements of Crown Program attached hereto as Exhibit D and by this reference made a part hereof.

Section 12.15. Home Ownership Assistance Fund. As represented to the Agency in conjunction with its allocation of Credits to the Project, Owner has agreed to set aside \$50 per month (the "Home Ownership Assistance Fee") for each home occupied by a Qualified Tenant not in default in the payment of rent under his or her Lease.

Manager shall establish a separate, segregated, non-interest-bearing account fully insured by the Federal Deposit Insurance Corporation (the "Home Ownership Assistance Fund") in the name of Owner. Manager shall, on a monthly basis, deposit the Home Ownership Assistance Fee into the Home Ownership Assistance Fee in accordance with Section 3.08 hereof.

Manager shall disburse funds from the Home Ownership Assistance Fund (a) to assist with the costs of required maintenance of each home within the Project; and (b) to assist a tenant who has completed at least six months of the Crown Program and who has been approved by the Manager for home ownership. A Qualified Tenant will be approved for home ownership (and eligible for assistance, if available, from the Home Ownership Assistance Fund) if the Qualified Tenant can demonstrate that he or she (i) has been approved by a bank or other financial institution for a mortgage loan, (ii) possesses a fully executed purchase contract for a home and (iii) has complied with the terms of the Maintenance and Counseling Contracts; provided, however, that one or more of the above conditions may be waived in writing by the Manager and the Authority in the event both parties conclude that a tenant is ready for home ownership despite such tenant's noncompliance. Manager shall disburse funds on behalf of a Qualified Tenant upon submission by such Qualified Tenant of a written request for such assistance and sufficient supporting materials documenting the need for such funds to provide assistance with the following types of costs:

- (a) Closing costs incurred in connection with the closing of the Qualified Tenant's purchase of a home, including, but not limited to, lenders' fees, inspection fees and

other administrative fees (the costs will be paid from the Home Ownership Assistance Fund directly to the lender).

(b) Up to 20% of the amount of the down payment on a house (the costs will be paid from the Home Ownership Assistance Fund directly to the lender).

(c) Assistance to a Qualified Tenant to satisfy hardship debts, including, but not limited to, debts from a medical emergency.

(d) Repairs on a home the Qualified Tenant will purchase.

(e) Purchases of major appliances (i.e., washers, dryers, refrigerators, dishwashers and microwaves) to furnish the home to be purchased by Qualified Tenant, to be released in the form of a gift certificate.

(f) Landscaping expenses.

(g) Moving expenses.

(h) Window treatments and other cosmetic improvements of the home to be purchased by Qualified Tenant.

In the event a Qualified Tenant is purchasing a Unit, neither funds from the Home Ownership Assistance Fund nor Grant Money (as defined below) may be used to pay for costs for which Manager is otherwise responsible.

The amount of funds disbursed on behalf of a Qualified Tenant shall be at the discretion of Manager, but shall not be greater than the amount deposited into the Home Ownership Assistance Fund relating to such Qualified Tenant's Unit during the tenure of such Qualified Tenant's participation in the Crown Program, unless additional funds are available in the form of Grant Money, as described below.

In the event that a Qualified Tenant vacates the Home, or defaults in its performance under either the Lease or the Crown Program Requirements and such default results in the eviction of such Qualified Tenant, then the funds deposited in the Home Ownership Assistance Fund relating to such Qualified Tenant's Unit during the tenure of such Qualified Tenant's participation will be considered grant money ("Grant Money"). Qualified Tenants will be eligible to apply for the Grant Money. Grant Money funds will be used at the discretion of Manager based on the applicant's need and the amount of funding available.

(a) Manager, after review of the following submissions, shall disburse Grant Money funds to a Qualified Tenant to supplement any funds disbursed from the Home Ownership Assistance Fund on such Qualified Tenant's behalf:

(i) A written recommendation by the housing counselor hired by Manager to administer certain services in connection with the Crown Program (the "Housing Counselor") that a Qualified Tenant apply for Grant Money.

(ii) A written application for funds that specifies the amount of funds requested, the proposed use of the funds and a description of the Qualified Tenant's accountability for use of funds.

(b) Grant Money from the Home Ownership Assistance Fund may be awarded to Qualified Tenants for the same uses specified for the Home Ownership Assistance Fund.

The Crown Program is designed to encourage Qualified Tenants to purchase their own homes and to take pride in home ownership. Manager may make waivers to the above guidelines in cases of unusual need or circumstances. In no event, however, shall a Qualified Tenant be guaranteed or entitled to receive any funds from the Home Ownership Assistance Fund.

ARTICLE XIII

MANAGEMENT AUTHORITY

Section 13.01. Authority. Manager's authority is expressly limited to the provisions contained herein, as they may be amended in writing from time to time in accordance with the provisions of this Agreement. Owner expressly withholds from Manager any power or authority to make any structural change in the Project or to make any other major alterations or additions in or to the Project or fixtures or equipment therein, or to incur any expense chargeable to Owner, other than expenses related to exercising the express powers granted to Manager by the terms of this Agreement without the prior written consent of Owner.

Section 13.02. Delegation of Duties. Manager shall have the right to engage independent contractors for performance of such of its duties hereunder as Manager deems necessary, but Manager shall have the responsibility for supervision of the performance of such duties. All contracts with independent contractors shall be subject to the approval of Owner.

Section 13.03. Compliance With Law. Manager shall comply fully with all federal, state, county, municipal and special district laws, ordinances, rules, regulations and orders relative to the leasing, use, operation, repair and maintenance of the Project. Manager shall remedy promptly any violation of any such law, ordinance, rule, regulation or other which comes to its attention and shall notify Owner by the end of the next business day after Manager becomes aware of any violation for which Owner may be subject to penalty.

ARTICLE XIV

INSURANCE AND INDEMNIFICATION

Section 14.01. Liability of Manager. Except as expressly provided to the contrary herein, the obligations and duties of Manager under this Agreement shall be performed as agent of Owner, but Manager shall be liable for its breaches of this Agreement; provided, however, that Manager shall not be responsible for incurring any expenditures in excess of existing or reasonably projected available funds from the Project or funds supplied by Owner. All expenses incurred by Manager in accordance with its obligations and duties under this Agreement and consistent with Owner's approved operating budget, except those due to its breaches of this

Agreement and those expressly specified as Manager's expenses herein, shall be for the account of and on behalf of Owner.

Section 14.02. Insurance. The Owner shall at all times during the term of this Agreement, at Owner's expense, maintain in full force and effect with reputable licensed insurers (each insurer must have a rating of "A" or better (Excellent or Superior), and Class VIII or better, in A.M. Best's Insurance Reports) such forms and amounts of insurance satisfying the insurance requirements set forth on the attached Exhibit G, which shall include but not be limited to, insurance against physical damage (e.g., fire and extended coverage endorsement, boiler and machinery, etc.), loss of rents, and against liability for loss, damage or injury to property or persons which might arise out of the occupancy, management, operation or maintenance of any part of the Project. Manager shall, upon request, be named as an additional insured while acting as real estate manager for Owner in all liability insurance maintained with respect to the Project. Manager shall investigate and promptly furnish to Owner and Midwest Housing Assistance Corporation full written reports of all accidents, claims and potential claims for damages relating to the Project, and shall cooperate fully with Owner's insurers, regardless of whether the insurance was arranged by Manager, Owner or others. Owner and Manager shall at all times during the term of this Agreement jointly monitor compliance with this Section 5.02 and each agrees to deliver notice of any noncompliance to the other and to Midwest Housing Assistance Corporation within 5 days of becoming aware of any such deficiency.

Section 14.03. Cooperation. Manager shall furnish whatever readily available information is requested by Owner for the purpose of obtaining insurance coverage and shall aid and cooperate in every reasonable way with respect to such insurance and any loss thereunder.

Section 14.04. Indemnification of Owner. To the extent permitted by law, Manager agrees to defend, indemnify and save harmless Owner and its members from all claims, investigations and suits with respect to (i) any alleged or actual violation of state or federal labor or other laws pertaining to employees, it being expressly agreed and understood that, as between Owner and Manager, all persons employed in connection with the premises are employees of Manager, not Owner; or (ii) Manager's breach of this Agreement which has a material adverse effect on the Project or Owner. Manager shall at all times keep its employees and contractors insured for statutory workers' compensation and other employee benefits required by all applicable laws, and Manager shall maintain employer's liability insurance for an amount not less than \$1,000,000 covering claims and suits by or on behalf of employees and others not otherwise covered by statutory workers' compensation insurance.

Section 14.05. Indemnification of Manager. To the extent permitted by law, Owner agrees to defend, indemnify and save harmless Manager from all claims and suits in connection with the Project, provided that such claims and suits are attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property, and such claims and suits arise, or are alleged to arise, in whole or in part out of any negligent act or omission of Owner, its officers, employees or agents. Owner agrees, upon request, to include Manager as an additional insured in Owner's public liability policy with respect to the Project, but only while Manager is acting as real estate manager for Owner under this Agreement. With respect to litigation (i) in which the Owner is named as co-defendant with Manager and (ii) which Owner decides not to contest, Owner agrees to reimburse Manager for reasonable attorneys' fees in the

event that Manager is found by a court of final jurisdiction to be not guilty of discrimination charges filed by current or former tenants of the Project, or filed by current or former applicants of the Project, with respect to the Project.

Section 14.06. Survival of Indemnity Obligations. The indemnity obligations contained in this Agreement shall survive the termination of this Agreement.

ARTICLE XV

COMPENSATION

Manager will be compensated for its services under this Agreement by a monthly fee (a “Management Fee”) to be paid out of the Operating Account in accordance with Section 3.08 and treated as a Project expense. Such fees will be payable on the tenth day of each month of this Agreement, commencing with the month in which construction completion has occurred. The monthly Management Fee will be a sum equal to []% of Gross Rent Receipts for the preceding month. Although each monthly Management Fee shall be deemed earned in its entirety and accrued as an expense of the Project, Manager agrees that if Owner has insufficient funds to pay all or part of the fee, any amount not paid currently shall accrue at the rate of []% per annum, compounded monthly.

ARTICLE XVI

COOPERATION

If any claims, demands, suits or other legal proceedings which arise out of any of the matters relating to this Agreement be made or instituted by any person against either Owner or Manager, Owner or Manager shall give to each other all pertinent information and reasonable assistance in the defense or other disposition thereof at its sole expense.

ARTICLE XVII

NOTICES

All notices, demands, consents and reports provided for in this Agreement shall be given in writing and shall be deemed received by the addressee on the third day after mailing if mailed by United States certified or registered mail, postage prepaid, or on the day delivered if personally delivered at the following addresses:

If to Owner:

with a copy to:

If to Manager:

The above addresses may be changed by the appropriate party giving written notice of such change to the other parties.

ARTICLE XVIII

MISCELLANEOUS

Section 18.01. Assignment. Manager shall not assign its rights or obligations under this Agreement without the prior written consent of Owner, which shall not be unreasonably withheld, and any purported assignment without Owner's prior written consent shall be of no effect.

Section 18.02. Special Power of Attorney. Owner authorizes Manager as attorney-in-fact for Owner to enter into and execute Leases and rental agreements with respect to the Project on forms approved by Owner, to collect rents and other funds due Owner in Manager's name on Owner's behalf and to establish and make deposits into and withdrawals from the Operating Account in accordance with the terms of this Agreement.

Section 18.03. Amendments. This Agreement constitutes the entire Agreement between Manager and Owner, and no amendment, alteration, modification or addition to this Agreement shall be valid or enforceable unless expressed in writing and signed by the party or parties to be bound thereby.

Section 18.04. Headings. All headings herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provisions of this Agreement.

Section 18.05. Waiver. The waiver of any of the terms and conditions of this Agreement on any occasion or occasions shall not be deemed as waiver of such terms and conditions on any future occasion.

Section 18.06. Illegality. If any provision of this Agreement shall prove to be illegal, invalid or unenforceable, the remainder of this Agreement shall not be affected thereby.

Section 18.07. Relationship. Nothing contained in this Agreement shall be construed to create a relationship of employer and employee between Owner and Manager, it being the intent of the parties hereto that the relationship created hereby is that of an independent contractor. Nothing contained herein shall be deemed to constitute Owner and Manager as partners or joint venturers.

Section 18.08. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Owner, its successors and permitted assigns, and shall be binding upon and inure to the benefit of Manager, its successors and its permitted assigns.

Section 18.09. Governing Law. This agreement shall be governed by and interpreted in accordance with the laws of the State of Nebraska. All capitalized terms not defined herein shall have the meaning ascribed to them in Owner's Partnership Agreement.

Section 18.10. Enforceability. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof. Owner's remedies under this Agreement are cumulative, and the exercise of one remedy shall not be deemed an

election of remedies nor foreclose the exercise of Owner's other remedies. No waiver by Owner of any breach of this Agreement shall be deemed to be a waiver of any other or subsequent breach.

Section 18.11. Execution of Counterparts. For the convenience of the parties, this Agreement may be executed in multiple counterparts, each of which shall constitute a complete original of this Agreement, which may be introduced in evidence or used for any other purpose without the production of any other counterparts.

Section 18.12. Successors and Assigns. This Agreement shall inure to the benefit of and constitute a binding obligation upon Owner and Manager and their respective successors and assigns; provided, however, that Manager shall not assign this Agreement, or any of its duties hereunder, without the prior written consent of Owner. In the event Owner's current general partner/managing member or any successor general partner/managing member of Owner is removed in accordance with the Partnership Agreement, any successor general partner/managing member selected in accordance with such Partnership Agreement shall have authority to act hereunder on behalf of Owner.

Section 18.13. Sale of Units to Qualified Tenant. Manager hereby accepts and agrees to be bound by Section 7 of the LURA, which requires Manager to offer to sell Units to Qualified Tenants under certain circumstances for a price more fully described in Section 7 of the LURA.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute this Agreement as of the date first set forth above.

OWNER:

[NAME]

By _____
Name _____
Title _____

MANAGER:

[NAME]

By _____
Name _____
Title _____

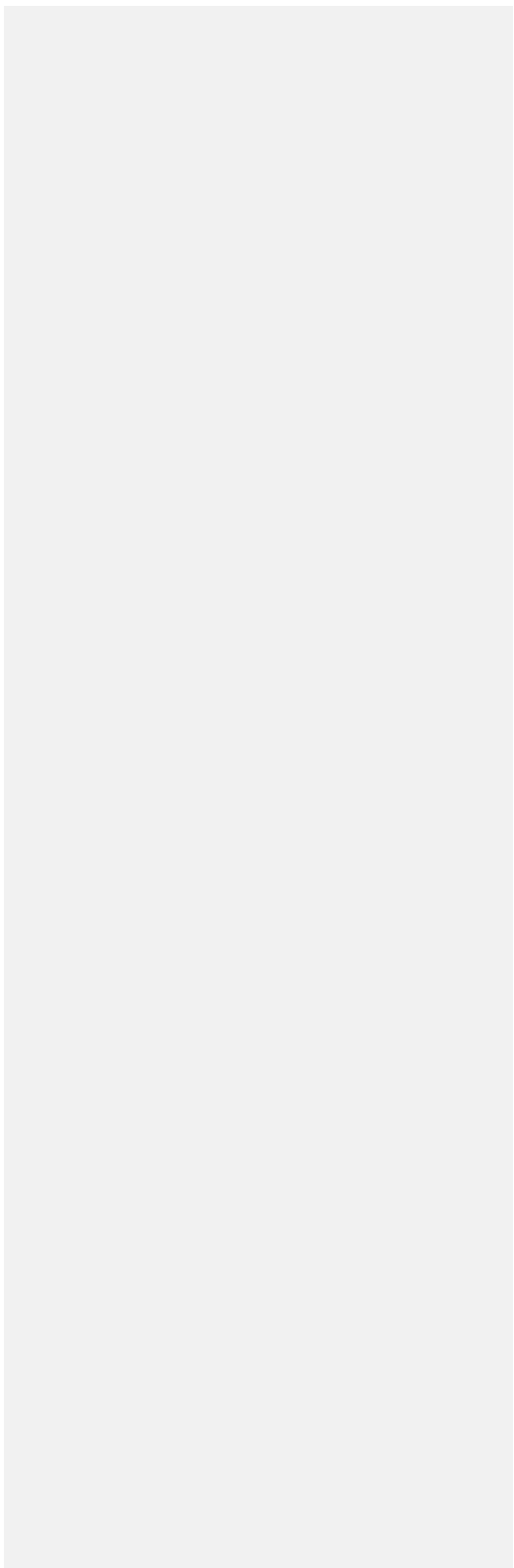


EXHIBIT A
PROPERTY ADDRESSES

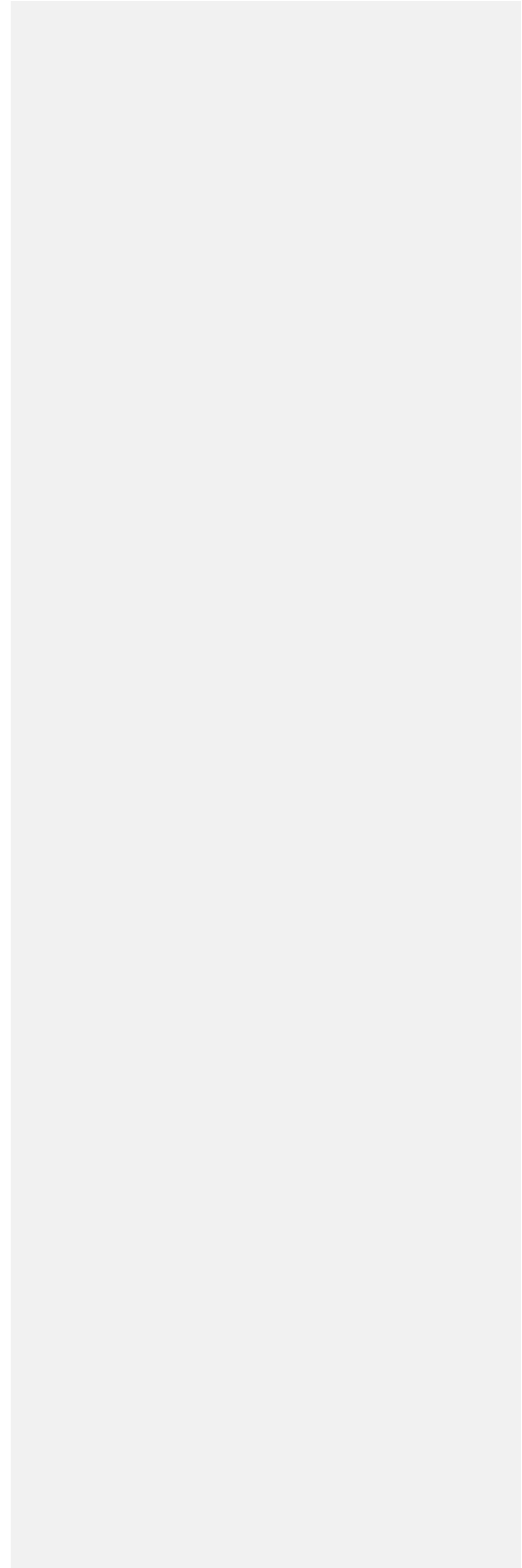


EXHIBIT B
ASSET MANAGEMENT PLAN

EXHIBIT C
LEASING GUIDELINES

A. Pre-Screening Process

During the pre-screening process, Manager shall gather data and information on prospective Tenants to enable Manager to select prospective Tenants to continue the application process who demonstrate, in the judgment of Manager, a readiness for or commitment to participation in the CROWN Program.

1. ***Lease Application.*** Each prospective Tenant must complete and sign a written application for Lease containing personal information, previous residences and Landlords for several years, information on employment, income, assets and credit, proposed occupants (including ages) and pets and references as called for in the Lease Application, and containing such other information and statements as called for in the Lease Application as will enable Manager to screen the prospective Tenant or as is otherwise proper and advisable for the management of the CROWN Project in accordance with professional standards and governmental regulations.
2. ***Interview.*** After the Lease Application has been received, Manager shall conduct an in-person interview of each adult proposed as an occupant of the housing unit to be leased in order to determine the character of such persons and their readiness for participation in the CROWN Program. During the interview, Manager will ensure the prospective Tenant and other proposed adult occupants understand the purpose of the CROWN Program and the requirements and responsibilities assumed by participants in the CROWN Program.
3. ***Employment and Education.*** Manager shall verify the employment and income information given by the prospective Tenant. Each prospective Tenant must have at least two years of employment or school history.
4. ***Credit.*** Manager shall have conducted a responsible credit agency check of the prospective Tenant, and shall personally check with one or more of the prospective Tenant's previous Landlords, if possible, with respect to past rent payment history. Any serious negative credit history due to factors within the control of the prospective Tenant may constitute cause for rejection. Factors not within the control of the prospective Tenant, such as illness and temporary unemployment, shall not be a cause for rejection. Because the CROWN Program will assist Qualified Tenants in remedying past credit problems, credit problems will not be an automatic cause for rejection of a prospective Tenant.
5. ***Housekeeping.*** If possible, Manager shall check with one or more previous Landlords of a prospective Tenant and other occupants with respect to the prospective Tenant's ability to maintain the housing unit in good condition and to abide by management rules.

6. **Criminal Records.** With respect to all prospective Tenants, Manager shall inquire and verify whether a prospective Tenant has any criminal records. Any conviction involving behavior that could negatively affect other Tenants shall be cause for rejection.

7. **Past Rental History.** Manager shall check with one or more previous Landlords of each prospective Tenant with respect to previous evictions.

8. **Income/Debt Ratios.** Initially, prospective Tenants may pay more than 40% of their gross income toward rent; however, as a condition of the CROWN Program, Tenants must reduce their debt or increase their income such that no more than 40% of a prospective Tenant's gross income shall be applied to rent and no more than 55% of a prospective Tenant's gross income shall be applied to rent and debts.

B. Approval

The Manager shall approve the prospective Tenant's Lease Application and addenda only if, in its best judgment, the prospective Tenant is qualified to pay rent when due, likely to maintain the dwelling unit, willing to work with the Manager to achieve goals and committed to participate in the CROWN Program. The Manager shall not approve any Lease Application unless the prospective Tenant and other proposed occupants meet the rental guidelines contained in Section 42 of the Code and any application guidelines of HUD.

C. Lease

1. **Term.** Each Lease shall be for a term of at least one year.

2. **Rent.** Rent shall be as specified in the lease and shall comply with all CROWN program requirements.

3. **Security Deposit.** An amount equal to one month's rent shall be deposited in a separate Tenant security deposit account prior to execution of the lease. Additions to this amount may be required if pets are allowed. Procedures concerning deductions from and return of security deposit, with interest, are followed to the extent required by law.

4. **Utilities and Other Charges.** Tenant is responsible for utility services to the dwelling unit.

5. **Maintenance.** See Exhibit E for Tenant's maintenance duties.

6. **Compliance with CROWN Program.** Recitation that compliance with the CROWN Program is considered a material provision of the Lease and that non-compliance with the CROWN Program shall be considered a material default by Tenant of the Lease.

7. **Other provisions.** Tenant must comply with all other provisions specified in the lease

and required by law.

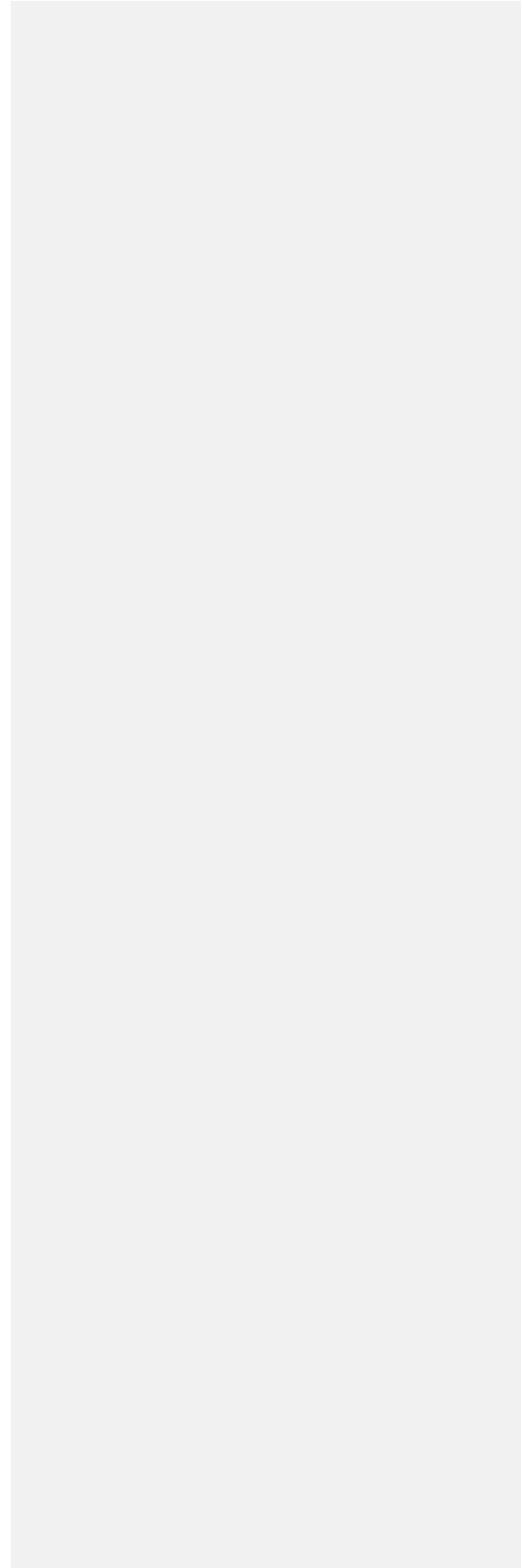


EXHIBIT D
DESCRIPTION AND REQUIREMENTS OF CROWN PROGRAM

Introduction

The [NAME] CROWN Program will rent [] new single-family homes to persons willing to work toward home ownership. A desire for home ownership and a demonstrated willingness to address obstacles to owning a home will be the focus of tenant selection and will dictate the management services offered to the CROWN Program Tenants as outlined below. The CROWN Program has been established as a long term plan for home ownership.

Initial Tenant Pre-screening

Manager will screen applicants and select prospective Tenants substantially in conformance with the Leasing Guidelines set forth in the attached Exhibit C.

Obligations of Tenants

- A. Enter into, and comply with all provisions of, a CROWN lease for the rental of the single family CROWN home.
- B. Participate in and successfully complete an 8 hour REACH Course (standards attached) for Homebuyers provided by Manager and Housing Development Corporation.
- C. Participate in and successfully complete a 3 hour RentWise Course (outline attached) for Tenants provided by Manager and Housing Development Corporation.
- D. Perform ongoing maintenance in accordance with the attached Exhibit E.
- E. Participate in homeowner maintenance training as provided by Manager.

Services Provided to Tenants Accepted Into the CROWN Program

- A. Manager will set aside \$50 per month of each tenant's rent in a Home Ownership Assistance Fund to be used for CROWN eligible expenses on a home purchase at the end of 15 years if the tenant fulfills all tenant responsibilities under the CROWN Program.
 - 1. Home Ownership Assistance Fund dollars will be treated as an operating expense to the project and will be maintained and held as an asset by the Owner in a separate bank account.
 - 2. Home Ownership Assistance Fund dollars must be used for eligible CROWN expenses as described on the attached Appendix 1.
 - 3. Tenants not completing the program will forfeit their right to participate in the Home Ownership Assistance Fund. Unused money from a family leaving the program early and all interest earned on the Home Ownership Assistance Fund account may be used at the discretion of the Owner. These Home Ownership Assistance Fund dollars may be used to give more than a pro-rata share of the Home Ownership Assistance Fund to other families in the program, to purchase homeownership items for families in need under the program, or to repair damage to and update maintenance on a vacated property during the 15-year compliance period.

- B. Manager will provide quarterly maintenance inspections to evaluate maintenance and upkeep of each unit. After the Tenants have been in the program one year, such inspections will be conducted semi-annually.
- C. Manager will provide maintenance classes to Tenants to:
 - 1. familiarize Tenants with the major electrical, heating and plumbing systems in their homes;
 - 2. address problems identified in maintenance inspections;
 - 3. raise awareness of seasonal preventive maintenance; and
 - 4. teach home maintenance and repair skills.
- D. Manager and Housing Development Corporation will provide the 8 hour REACH Course (standards enclosed) for homeownership skills.
- E. Manager and Housing Development Corporation will provide the 3 hour RentWise Course.
- F. Manager will provide information and referral services to Tenants about:
 - 1. available home ownership programs and opportunities;
 - 2. financing options for a home purchase;
- G. Manager shall disburse funds from the Home Ownership Assistance Fund in accordance with the attached Appendix 1.
- H. Manager shall sell each of the [] CROWN Homes at the end of the 15 year compliance period for an affordable price to an eligible tenant. No home shall be sold for less than \$[] which is the approximate amount of remaining first mortgage debt and [DESCRIBE OTHER debt] (excluding interest) on each CROWN home.

Each home will be appraised at the time of sale to determine the fair market value of the home. In the sale of a home to an eligible tenant where the fair market value at the time of the sale exceeds the Initial sale price to an eligible Tenant (such difference, the "Initial Equity"), the deed transferring title shall contain a restriction limiting the proportion of the Initial Equity allocated to such eligible tenant in the event the eligible tenant resells the home to a third party or entity before such eligible Tenant has occupied the home continuously for 10 years (including rental period). The amount of Initial Equity allocated to an eligible tenant at the resale by such eligible tenant of the home (the "Subsequent Sale") shall be determined in accordance with the following formula (to be set forth in any deed at the Initial Sale).

EXAMPLE:

Fair Market Value of home at time of Initial Sale
 – (minus) Purchase Price of home at time of Initial Sale
 x (multiplied by) Total number of years of continuous occupancy by eligible Tenant
 ÷ (divided by) 10

Sale = Amount of Initial equity allocated to Qualified Tenant at time of Subsequent Sale

The remaining Initial Equity after allocation to the Qualified Tenant in accordance with the above formula shall be refunded to the Authority which will apply such funds toward home ownership programs in [City], Nebraska.

The eligible tenant, however, shall receive any amounts in excess of the Initial Equity attributable to the appreciation in the value of the home from the time of the Initial Sale to the time of the Subsequent Sale (the "Appreciation Equity").

- I. The Manager agrees that the CROWN restrictions will become part of the Land Use Restriction Agreement.

APPENDIX 1
CROWN ELIGIBLE EXPENSES

- A. Down Payment Assistance.
- B. Closing Costs Assistance.
- C. Hardship credit assistance to assist in paying off hardship debt such as emergency medical bills.
- D. Home Improvement Assistance to make repairs to purchase an existing home (or home they're in).
- E. Costs of major appliances applicants may need for their new homes.
- F. Moving expenses.
- G. At the discretion of Owner, expenses for cleanup and repair of a vacated unit (these expenses are limited to interest earned on Home Ownership Assistance Fund and/or set aside fees paid by Tenants who leave the program early).
- H. Others, as may be approved by Owner.

An eligible Tenant in the 16th year may draw on the CROWN set aside when:

1. The Tenant has fulfilled all its responsibilities under the Lease and CROWN Program.
2. The Tenant has identified a property to purchase.
3. The Tenant has secured financial resources to purchase the existing or new home.
4. The Tenant closes the purchase of the property.

EXHIBIT E

MAINTENANCE CONTRACT

Tenant hereby agrees to attend an orientation as well as periodic maintenance workshops conducted by Management.

At the time of execution of the Lease, management personnel will conduct an orientation with each participant that involves a "walk through" of the house and demonstration of maintenance of the mechanical systems of the house. Maintenance workshops will be scheduled periodically and will familiarize the Tenant with the major electrical, heating and plumbing systems in the home as well as discuss do-it-yourself repairs and home safety tips. The personnel may also, from time to time, provide training for the maintenance of the interior, exterior and grounds of the house.

ONGOING MAINTENANCE

Tenant agrees to perform certain minor maintenance in the house. Those items of minor maintenance that the Tenant is expected to perform include, but are not limited to:

Exterior

- a) Cut grass, trim bushes and shrubs, rake leaves and fertilize plants and flowers as needed.
- b) Maintain front and rear yard (keep yard free of trash and debris) and keep garbage cans covered at all times.
- c) Shovel snow in winter. Keep stairs free from snow and ice at all times.
- d) Repair/replace all broken windows (including repair or replacement of damaged door glass).
- e) Repair/replace torn screens.
- f) Repair and replace mailbox as needed.
- g) Replace broken or missing address numbers on house.
- h) Maintain and repair all fences.
- i) Clean and maintain gutters.
- j) Semi-annual maintenance on underground sprinkler system.
- k) Other minor exterior maintenance as needed.

Interior

- a) Paint all walls, ceilings, trim and any other paintable surfaces as needed.
- b) Clean carpet as needed (at least annually).
- c) Caulk sink and tub areas as needed.
- d) Replace washers/cartridges in kitchen and bathroom faucets as needed.
- e) Change furnace filters at least twice per heating season. (*write date on filter when it is placed in slot*)
- f) Replace light bulbs.
- g) Replace broken or missing doorknobs.
- h) Replace window locks and lifts when broken or missing.

- i) Replace mini blinds that are nonfunctional or damaged (style approved by Manager).
- j) Test smoke detectors monthly, and replace batteries every six months.
- k) Maintain and clean major appliances.
- l) Replace salt in water softener.
- m) Other minor interior maintenance as needed.

Report any peeling paint, plumbing leaks, running toilets, leaking roofs and any other serious problems to management.

I/we have read this contract and understand and accept responsibility for all the above items.

Date: _____

Tenants: (All) _____

Manager Agent: _____

EXHIBIT F
PARTICIPATION CONTRACT

This Participation Contract (this "Contract") with respect to the CROWN Program is entered into by and between [NAME], the general partner/managing member of [NAME] (referred to herein as "General Partner" "Managing Member"), [NAME] of [PROPERTY MTG], Rental Agent (referred to herein as "[NAME]"), and _____ and _____, Adult Heads of Household. The family includes everyone in the household and is referred to in this Contract as "family" or "Resident." Members of the family include _____

(List the names of all persons not Heads of Household who will occupy the unit listed below)

PURPOSE OF CONTRACT

The purpose of this Contract is to state the rights and responsibilities of the Resident/family, General Partner/Managing Member and [NAME] and the resources and supportive services to be provided to the Resident/family by General/Partner/Managing Member and [NAME] and the activities to be completed by the Resident/family.

TERMS OF CONTRACT

This Contract will be effective on the first date of the Resident/family's Residential Rental Agreement with [NAME] is in effect and expires at the same time Resident/family's Residential Rental Agreement with [NAME] expires. Extension of this Contract will be at the sole discretion of [NAME].

RESOURCES AND SUPPORTIVE SERVICES

During the term of this Contract, [NAME] will assist the Resident/family in identifying and accessing the necessary resources and services to help it achieve the goals outlined in the Resident's/family's Home Ownership Plan, as described below. These goals are designed to help the Resident/family overcome its obstacles to purchasing and maintaining its own home.

Responsibilities of Resident/family

- A. Enter into, and comply with all provisions of, a CROWN Residential Rental Agreement ("Lease") for the rental of the single family CROWN home.
- B. Participate in and successfully complete an 8 hour REACH Course (standards attached) for Homebuyers provided by General Partner/Managing Member and Housing Development Corporation.
- C. Participate in and successfully complete a 3 hour RentWise Course (outline

attached) for Tenants provided by General Partner/Managing Member and Housing Development Corporation.

- D. Perform ongoing maintenance in accordance with the Maintenance Contract.
- E. Participate in homeowner maintenance training as provided by General Partner/Managing Member.

Responsibilities of [NAME] and/or General Partner/Managing Member

- A. General Partner/Managing Member will set aside \$50 per month of Tenant's rent in a Home Ownership Assistance Fund to be used for CROWN eligible expenses on a home purchase at the end of 15 years if the Tenant fulfills all Tenant responsibilities under the CROWN program.
 - 1. Home Ownership Assistance Fund dollars will be treated as an operating expense to the project and will be maintained and held as an asset by the Owner in a separate bank account.
 - 2. Home Ownership Assistance Fund dollars must be used for eligible CROWN expenses as described on the attached Appendix 1.
 - 3. Tenants not completing the program will forfeit their right to participate in the Home Ownership Assistance Fund. Unused money from a family leaving the program early and all interest earned on the Assistance Fund account may be used at the discretion of the Managing Member. These Home Ownership Assistance Fund dollars may be used to give more than a pro-rata share of the Assistance Fund to other families in the program, to purchase homeownership items for families in need under the program, or to repair damage to and update maintenance on a vacated property during the 15-year compliance period.
- B. General Partner/Managing Member will provide quarterly maintenance inspections to evaluate maintenance and upkeep of each unit. After the Tenants have been in the program one year, such inspections will be conducted semi-annually.
- C. General Partner/Managing Member will provide maintenance classes to Tenants to:
 - 1. familiarize Tenants with the major electrical, heating and plumbing systems in their homes;
 - 2. address problems identified in maintenance inspections;
 - 3. raise awareness of seasonal preventive maintenance; and
 - 4. teach home maintenance and repair skills.
- D. General Partner/Managing Member and Housing Development Corporation will provide the 8 hour REACH Course (standards enclosed) for homeownership skills.
- E. General Partner/Managing Member and Housing Development Corporation will

provide the 3 hour RentWise Course (outline enclosed).

- F. General Partner/Managing Member will provide information and referral services to Tenants about:
 - 1. available home ownership programs and opportunities;
 - 2. financing options for a home purchase;
- G. General Partner/Managing Member shall disburse funds from the Home Ownership Assistance Fund in accordance with the attached Appendix 1.
- H. General Partner/Managing Member shall sell each of the [#] [NAME] CROWN Homes at the end of the 15 year compliance period for an affordable price to an eligible Tenant. No home shall be sold for less than \$[] which is the approximate amount of remaining first mortgage debt and [NAME] debt payable to [NAME] (excluding interest) on each CROWN home.

Each home will be appraised at the time of sale to determine the fair market value of the home. In the sale of a home to an eligible tenant where the fair market value at the time of the sale exceeds the Initial sale price to an eligible tenant (such difference, the "Initial Equity"), the deed transferring title shall contain a restriction limiting the proportion of the Initial Equity allocated to such eligible tenant in the event the eligible tenant resells the home to a third party or entity before such eligible tenant has occupied the home continuously for 10 years (including rental period). The amount of Initial Equity allocated to an eligible tenant at the resale by such eligible tenant of the home (the "Subsequent Sale") shall be determined in accordance with the following formula (to be set forth in any deed at the Initial Sale).

EXAMPLE:

Fair Market Value of home at time of Initial Sale
- (minus) Purchase Price of home at time of Initial Sale
x (multiplied by) Total number of years of continuous occupancy by eligible Tenant
÷ (divided by) 10
= Amount of Initial equity allocated to Qualified Tenant at time of Subsequent Sale

The remaining Initial Equity after allocation to the Qualified Tenant in accordance with the above formula shall be refunded to [NAME] which will apply such funds toward home ownership programs in [CITY], Nebraska.

The eligible tenant, however, shall receive any amounts in excess of the Initial Equity attributable to the appreciation in the value of the home from the time of the Initial Sale to the time of the Subsequent Sale (the "Appreciation Equity").

- I. The General Partner/Managing Member agrees that the CROWN restrictions will become part of the Land Use Restriction Agreement.

Termination of Participation Contract

[NAME] may terminate this Contract when one or more of the following occur:

(a) the Resident and [NAME] agree to terminate this Contract;

(b) [NIFA] determines that the Resident has not fulfilled its responsibilities under this Contract; and

(c) the Resident is in default on its lease agreement and subject to eviction.

[NAME] may declare this Contract null and void if the resources and services necessary to complete this Contract are not available.

[NAME] must give notice of termination or nullification to any adult listed on the family's lease agreement. The notice must state the reasons for [NAME]'s decision to terminate or nullify this Contract. If this Contract is terminated or nullified for any of the above-stated reasons, the lease agreement will also be terminated.

Dated: _____

[NAME]

By _____

By _____

Rental Agent

Resident / Family

By _____
[Adult Family Member]

By _____
[Adult Family Member]

APPENDIX 1
CROWN ELIGIBLE EXPENSES

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An eligible tenant in the 16th year may draw on the CROWN set aside when:

1. The tenant has fulfilled all its responsibilities under the Lease and CROWN Program;
2. The tenant has identified a property to purchase;
3. The tenant has secured financial resources to purchase the existing or new home; and
4. The tenant closes the purchase of the property.

and

[Investor]

[Address]

Building Ordinance Coverage [NAME] and [INVESTOR] as both additional insured and loss payee.

Include:

1. Loss to Undamaged Portion of the Building – Local building ordinances are different. Some communities require the demolition of a building if a certain percentage of the structure is damaged. The standard insurance policy typically only pays for the damaged portion of the building. Coverage under this endorsement provides protection against the loss resulting from the demolition of the undamaged portion of the building.
2. Increased Cost of Construction –Building codes change. If a structure was erected prior to the change, the building usually is “grandfathered” as to complying with the changes. However, if loss or damage to the building occurs the local government can mandate that the building be constructed or repaired to meet current building codes. This typically is not anticipated in developing the replacement cost of the building; therefore adequate limits will not provide protection for this situation. Coverage under this endorsement covers this gap in protection.
3. Demolition Costs – When a loss occurs, whether partial or total, many municipal ordinances require that the building be demolished and site cleared of all debris. The limit provided under the standard building policy typically is not adequate to cover these expenses. The inclusion of a limit under this endorsement covers the cost of demolition. Recovery is typically limited to the cost of the demolition or the limit set forth in the endorsement.

Loss of Rent

Commencing on or before the date of Construction Completion an amount equal to the greater of (a) the maximum amount of rental income that could be generated over a 12 month period assuming each home in the Project was rented at the then maximum rent permitted under Code Section 42, (b) rental income for the prior 12 months or (c) the amount of such insurance required by any Lender.

Named Insured and Loss Payee on Loss of Rent:

[INVESTOR NAME]
[Address]

Flood Insurance (if applicable):

Flood Insurance is required if the Project is in any of the following High Risk Flood Zones: A, AE, A1-A30, AH, AO, AR, or A99; High Risk Zone, Coastal Area, Zones: V, VE, V1-30 or an Undetermined Risk Area (Zone D). The amount of flood insurance required shall equal the total building costs.

On all certificates:

Identify the Project as:

[NAME], commonly known as [NAME] Crown, containing thirteen homes located in [CITY], Nebraska.

Revise the Cancellation Statement on the Certificate to Read precisely as Follows:

Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will mail 30 days (10 days for cancellation due to nonpayment of premium) written notice to the certificate holder named to the left.

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