

FUNDING AGREEMENT

Between

CITY OF HOLLYWOOD

and

PINNACLE AT PEACEFIELD, LTD.

FOR CONSTRUCTION OF AN 120-UNIT MULTI-FAMILY RENTAL DEVELOPMENT  
FOR SENIORS NAMED "PINNACLE AT PEACEFIELD"

## INDEX

<u>ARTICLE</u>	<u>PAGE</u>
1	DEFINITIONS.....2
2	PREAMBLE.....3
3	PROJECT .....4
4	AFFORDABILITY.....7
5	MULTI-FAMILY HOUSING RENTAL UNITS .....7
6	TERM OF AGREEMENT.....9
7	FUNDING AND METHOD OF PAYMENT AND PROVISIONS RELATING TO THE USE OF CITY FUNDS .....9
8	ASSURANCES AND CERTIFICATIONS .....11
9	FINANCIAL RESPONSIBILITY .....14
10	INDEMNIFICATION .....15
11	INSURANCE.....15
12	TERMINATION.....16
13	NOTICES.....18
14	MISCELLANEOUS.....20

## EXHIBITS

EXHIBIT "A"	PROJECT DESCRIPTION
EXHIBIT "B"	COSTS/BUDGET FOR PROJECT
EXHIBIT "C"	TIMETABLE/SCHEDULE FOR PROJECT
EXHIBIT "D"	HOME MORTGAGE RIDER TO MORTGAGE ATTACHMENT "A" TO EXHIBIT "D" – HOME PROMISSORY NOTE
EXHIBIT "D-1"	HOME DECLARATION OF RESTRICTIVE COVENANTS FOR MULTI-FAMILY RENTAL UNITS
EXHIBIT "D-2"	NSP-1 MORTGAGE – RIDER TO MORTGAGE ATTACHMENT "A" TO EXHIBIT "D-2" – NSP PROMISSORY NOTE
EXHIBIT "D-3"	NSP-1 DECLARATION OF RESTRICTIVE COVENANTS FOR MULTI-FAMILY RENTAL UNITS
EXHIBIT "D-4"	CITY MORTGAGE, RIDER TO MORTGAGE, ATTACHMENT "A" TO EXHIBIT "D-4" CITY PROMISSORY NOTE
EXHIBIT "D-5"	FORM SUBORDINATION AGREEMENT
EXHIBIT "E"	MONTHLY PROGRESS REPORT
EXHIBIT "F"	FINAL ACCOUNTING FOR PROJECT
EXHIBIT "G"	REQUEST FOR PAYMENT FORMS
EXHIBIT "H"	RENTAL SETUP AND COMPLETION FORM
EXHIBIT "I"	PROJECT RENTS
EXHIBIT "J"	AFFIRMATIVE MARKETING POLICY
EXHIBIT "K"	INSURANCE REQUIREMENT

# AGREEMENT

Between

CITY OF HOLLYWOOD

and

PINNACLE AT PEACEFIELD, LTD.

PROVIDING HOME AND NSP-1 PROGRAM FUNDS FOR CONSTRUCTION  
OF AN 120-UNIT MULTI-FAMILY RENTAL DEVELOPMENT FOR SENIORS  
NAMED "PINNACLE AT PEACEFIELD"

This is an Agreement ("Agreement"), made and entered into by and between: CITY OF HOLLYWOOD, a municipal corporation of the State of Florida, hereinafter referred to as "CITY,"

and

PINNACLE AT PEACEFIELD, LTD., a Florida limited partnership, hereinafter referred to as "PINNACLE," collectively referred to as the "Parties."

## Recitals:

WHEREAS, CITY has been designated by the United States Department of Housing and Urban Development ("HUD") as a participating jurisdiction for the receipt and use of funds as provided by the HOME Investment Partnership Program (HOME Program) as set forth in 24 CFR Part 92; and

WHEREAS, CITY has entered into an agreement with HUD for a grant for the execution and implementation of a HOME Investment Partnership Program pursuant to the Cranston-Gonzalez National Affordable Housing Act of 1990; and

WHEREAS, as a result of the enactment of House Resolution 3221, the U.S. Department of Housing and Urban Development (HUD) awarded more than \$3.9 billion of Neighborhood Stabilization Program (NSP-1) funds to states and communities across the country to address the nation's abandoned and foreclosed homes crisis; and

WHEREAS, the NSP-1 funding authorized under Title III of the Housing and Economic Recovery Act of 2008 allows for redevelopment of demolished or vacant properties under Section 2301(c)(3)(E); and

WHEREAS, the Unified Federal Register Notice for NSP-1 and NSP-3 dated 10/19/2010 Vol. 75 No. 201 allows for redevelopment of demolished or vacant properties, and

WHEREAS, CITY has entered into an Interlocal Agreement with the Downtown District of the Hollywood Community Redevelopment Agency ("CRA") wherein the CRA will provide funding to the CITY to be allocated for this project; and

WHEREAS, CITY has a need for such services and does hereby enter into this Agreement with PINNACLE, upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements herein contained and other valuable consideration, the receipt of which is hereby acknowledged, CITY and PINNACLE do hereby agree as follows:

## **ARTICLE 1 - DEFINITIONS**

The following definitions apply unless the context in which the word or phrase is used requires a different definition:

- 1.1 **Affordability Period** - The 30 year period of time from Project Completion as determined by CITY for any Property under this Agreement to remain affordable consistent with the requirements set forth 24 CFR Section 92.252.
- 1.2 **Agreement** - This Agreement includes Articles 1 through 14, the exhibits and documents that are expressly incorporated herein by reference.
- 1.3 **CFR** - The Code of Federal Regulations is the codification of rules and regulations published in the Federal Register by the executive departments and agencies of the federal government of the United States.
- 1.4 **City Commission** - The City Commission of the City of Hollywood, Florida
- 1.5 **CITY** – The City of Hollywood, Florida.
- 1.6 **City Attorney** - The chief legal counsel for CITY appointed by the City Commission.
- 1.7 **City Manager** - The administrative head of CITY appointed by the City Commission.
- 1.8 **CITY Remaining Loan Funds** – The remaining funds in the amount of \$144,000.00 for the project as set forth in Exhibits "A " and "B".
- 1.9 **Consolidated Plan** - The plan submitted by CITY to HUD and approved by HUD in accordance with 24 CFR Part 91.
- 1.10 **Contract Administrator** - The Manager of the Community Development Division of the Department of Development Services, or his/her designee. The primary responsibilities of the Contract Administrator are to coordinate and communicate

with PINNACLE and to manage and supervise execution and completion of the Project and ensure that the terms and conditions of this Agreement are complied with as set forth herein. In the administration of this Agreement, as contrasted with matters of policy, the parties may rely on the instructions or determinations made by the Contract Administrator; provided, however, that such instructions and determinations do not change the scope of the Project.

- 1.11 **Developer** – Pinnacle Housing Group, LLC.
- 1.12 **Division** - The Community Development Division of the Department of Development Services.
- 1.13 **HOME or HOME Program** - The HOME Investment Partnerships Program pursuant to the HOME Investment Partnerships Act at Title II of the Cranston National Affordable Housing Act (42 U.S.C. 12701 et seq.), with implementing rules and regulations set forth in 24 CFR Part 92.
- 1.14 **HOME Funds** - The HOME Investment Partnerships Program grant funding provided to PINNACLE under this Agreement.
- 1.15 **HUD** - The United States Department of Housing and Urban Development.
- 1.16 **Income Eligible Household** - The term means a household(s) as defined in 24 CFR Section 92.2, consisting of a family, as defined in 24 CFR Part 5.403, with an annual anticipated gross income that does not exceed 60% of the median annual income for the area, as determined by HUD, with adjustments for family size for households within Broward County. A household that is eligible for one of the five designated Low-Home Rent Units shall have an anticipated gross income that does not exceed 50% of the median annual income for the area, as determined by HUD, with adjustments for family size for households within Broward County.
- 1.17 **NSP-1** - Neighborhood Stabilization Program authorized under Title III of the Housing and Economic Recovery Act of 2008.
- 1.18 **NSP-1 Funds** – The NSP-1 program funds provided to PINNACLE under this Agreement.
- 1.19 **PINNACLE** - Pinnacle at Peacefield, Ltd.
- 1.20 **Project** - The Project consists of the work, activities, and services described in Article 2 and Exhibit “A”.
- 1.21 **Project Completion** - The term means all necessary title transfer requirements (if applicable) and all construction work have been performed; the Project is in compliance with the requirements set forth in 24 CFR Part 92 including, but not limited to, the Property standards set forth in 24 CFR Section 92.251; the final drawdown of HOME and NSP-1 Funds have been disbursed for the Project; and

CITY has entered the Project completion information and beneficiary data from the completed Exhibit "H," Rental Setup and Completion Form, into the integrated disbursement and information system (IDIS) established by HUD.

- 1.22 **Property** - The Property assisted with HOME Funds and NSP-1 Funds under this Agreement for the Project and legally described on Exhibit "A" attached hereto.
- 1.23 **Rules and Regulations of HUD** - The rules and regulations of HUD including, but not limited to, 24 CFR Part 92, "HOME Investment Partnerships Program"; Fair Housing Act, 42 U.S.C. 3601 et seq.; Section 301 of the Housing and Urban-Rural Recovery Act of 1983; Pub. Law No. 98-181, 97 Stat. 1155, CPD Notice 92-18, Procedures for the Cash and Management Information (CMI) System for the HOME Program; 24 CFR Part 91 "Consolidated Submissions for Community Planning and Development Programs" Division B, Title III of the Housing and Economic Recovery Act (HERA) of 2008 – Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes and any Executive Orders issued by the Federal Government impacting the HOME and/or NSP-1 Program(s); as amended from time to time, and which are incorporated herein by reference.
- 1.24 **Subconsultant or Subcontractor** - A firm, partnership, corporation, independent contractor (including 1099 individuals), or combination thereof providing services under this Agreement through PINNACLE for all or any portion of the work or activities. The term "Subconsultant" shall include all "Subcontractors" and the term "Subcontractor" shall include all "Subconsultants."
- 1.25 **Tax Credit Investor** – The entity purchasing the Low Income Housing Tax Credits allocated by Florida Housing Finance Corporation to PINNACLE pursuant to Section 42 of the Internal Revenue Service code (via Request for Applications 2016-113, application number 2017-211C), thereby providing investment equity for the development of the Project, together with its successors and assigns.

## **ARTICLE 2 - PREAMBLE**

- 2.1 Pursuant to 24 CFR Section 92.50, HUD allocates HOME funds by formula among eligible State and local governments to strengthen public-private partnerships and to expand the supply of decent, safe, sanitary, and affordable housing, with primary attention to rental housing, for very low-income and low-income families. Pursuant to Title III of the Housing and Economic Recovery Act of 2008, the allocated NSP-1 funding is authorized for the redevelopment of vacant properties pursuant to Section 2301(c)(3)(E).
- 2.2 Pursuant to 24 CFR Section 92.105, CITY has been designated by HUD as a participating jurisdiction, and receives its HOME funding allocation pursuant to the Consolidated Plan. CITY may use HOME funding to carry out multi-year housing strategies through acquisition, rehabilitation, new housing construction, and tenant-based rental assistance. As a participating jurisdiction, CITY may provide

assistance in a number of eligible forms, including loans, advances, equity investments, interest subsidies, and other forms of investment that HUD approves. As a result of the enactment of House Resolution 3221, HUD awarded NSP-1 funds to CITY to address the abandoned and foreclosed homes crisis. Pursuant to Title III of the Housing and Economic Recovery Act of 2008, CITY received NSP-1 funding that is eligible to be used to fund the redevelopment of vacant properties under Section 2301(c)(3)(E).

- 2.3 Under the Rules and Regulations of HUD, CITY is the administrator for the Program and is mandated to comply with all applicable statutes, codes, rules, and regulations of the United States as to the allocation and expenditure of HOME and NSP-1 Funds as well as protecting the interests of certain classes of individuals who reside in CITY.
- 2.4 CITY desires to disburse HOME and NSP-1 Funds to PINNACLE and has obtained assurances from PINNACLE that it will comply with all applicable statutes, codes, rules, and regulations of the United States, the Rules and Regulations of HUD, the State of Florida, and CITY relating to the Project and the Program, as a condition precedent to the release of such HOME and NSP-1 Funds to PINNACLE.
- 2.5 CITY shall conduct all programs and activities relating to housing and community development in a manner that affirmatively furthers fair housing. CITY shall fund only subrecipients who have taken steps to promote fair housing.
- 2.6 In the event PINNACLE is found to be taking actions designed to discourage affordable housing for sale or rent within the boundaries of CITY, PINNACLE shall not be eligible to receive HOME, NSP-1 and City Remaining Loan Funds under this Agreement.
- 2.7 This Agreement is subject to the availability of funds as more specifically described in Section 7.13 and Article 12.

### **ARTICLE 3 - PROJECT**

- 3.1 PINNACLE shall provide for the development, construction, and rental activities for a multi-family rental new construction housing project in accordance with the terms of this Agreement, and as outlined in Exhibit "A," Project Description. The Project is an eligible activity in accordance with the requirements set forth in 24 CFR Part 92, Subpart E, and shall include a site(s) together with any building(s), located on the site(s), that are under common ownership, management, and financing, and are assisted with HOME, NSP-1 and City Remaining Loan Funds provided by CITY. The term Project also includes all the activities associated with the site(s) and building(s).
- 3.2 PINNACLE shall be responsible for administering the Project as more specifically set forth in the attached Exhibit "A" and in accordance with the applicable HOME Investment Partnerships Act of 1990 regulations and as more specifically set forth



in 24 CFR Part 92 and NSP-1 requirements in Title III of the Housing and Economic Recovery Act of 2008. Further, PINNACLE shall use commercially reasonable efforts to meet the dates set forth in the Timetable/Schedule for the Project as more specifically set forth in the attached Exhibit "C"; provided, however, in no event shall Project Completion occur later than September 30, 2020. The Project set forth in Exhibit "A" shall meet all requirements applicable to rental units set forth in 24 CFR Sections 92.251 through 92.258. Timely completion of the Project by PINNACLE is an integral and essential part of performance. The expenditure of HOME funds is subject to Federal deadlines and could result in the loss of Federal funds. By acceptance and execution of this Agreement, it is understood and agreed to by PINNACLE, that the Project Activity will be completed as expeditiously as possible and that PINNACLE will use commercially reasonable efforts to ensure that the Project Activity will proceed and will not be unreasonably delayed.

Since it is mutually agreed that time is of the essence as regards to this Agreement, Pinnacle shall cause the appropriate provisions to be inserted in all contracts or subcontracts for work tasks in connection with the Project which are directly funded with HOME and/or NSP-1 or City Remaining Loan Funds pursuant to this Agreement, in order to ensure that the Project Activity will be completed according to the timetable set forth in Exhibit "C" in the time required by this Agreement. It is intended that such provisions inserted in any subcontracts be, to the fullest extent permitted by law and equity, binding for the benefit of the CITY and enforceable by the CITY against PINNACLE and its successors and assigns to the project or any part thereof or any interest therein.

- 3.3 PINNACLE shall also comply with the Project budget set forth in Exhibit "B," Costs/Budget for Project, and the Project schedule set forth in Exhibit "C," Timetable/Schedule for Project. Failure to maintain the implementation schedule within 60 days of the deadlines identified in Exhibit "C" may warrant a full review by the Division to meet HUD's required expenditure rates for the Program year. In the event PINNACLE fails to maintain the implementation schedule within 90 days of the deadlines identified in Exhibit "C," after giving effect to the notice and/or cure provisions set forth in Section 12.2.1 of this Agreement, CITY may terminate this Agreement in accordance with Article 12, and require PINNACLE to repay the HOME and NSP-1 Funds to CITY consistent with the requirements set forth in 24 CFR Section 92.503, and/or the NSP-1 Funds in accordance with the regulations governing such NSP-1 Funds.
- 3.4 PINNACLE shall not commence any construction work or activities for the Project prior to providing the Contract Administrator with a copy of the recorded notice of commencement for the Project. Construction of the Property assisted with HOME Funds or NSP-1 Funds under this Agreement shall meet or exceed all federal, state, and local housing quality standards and building code requirements.

- 3.5 PINNACLE shall review the scope of work for the Property to ensure compliance with the requirements under this Agreement prior to any third party contractor performing any work or activities for the Project.
- 3.6 The construction activities shall comply with the property standards set forth in 24 CFR Section 92.251(a).
- 3.7 In the event PINNACLE is unable to complete any of the Project activities due to delays resulting from untimely review and approval by CITY or other governmental authorities having jurisdiction over the Project, and such delays are not the sole fault of PINNACLE, PINNACLE may request in writing, and CITY may grant a reasonable time extension for completion of the activities.
- 3.8 The construction and maintenance of the HOME-assisted units through the Affordability Period shall meet or exceed all federal, state, and local housing quality standards and code requirements. PINNACLE shall ensure that any design and construction services performed under this Agreement shall be performed by State or locally licensed contractors, and PINNACLE receives industry standard warranties for such work or services performed.
- 3.9 Until Project Completion, PINNACLE shall provide the Contract Administrator with a Monthly Progress Report, utilizing the form provided in Exhibit "E," indicating the status of all outstanding work including the planned versus actual progress of activities and related budgets under this Agreement. The first Monthly Progress Report shall be due one month after the full execution of this Agreement by the parties.
- 3.10 CITY will carry out periodic monitoring and evaluation activities as determined necessary by the Division. The continuation of this Agreement is dependent upon satisfactory evaluations by the Division. Such evaluations will be based on the terms of this Agreement, comparisons of planned versus actual progress relating to the Project's scheduling, budgets, in-kind contributions, and output measures. Upon request, PINNACLE shall furnish to the Contract Administrator, CITY or their designees, such records and information, including copies or transcriptions, as is determined necessary by the Division Director or CITY. PINNACLE shall submit to the Division Director on a monthly and quarterly basis, and at other times upon the request of the Division, information and status reports on Project activities, to CITY, or HUD on forms approved by the Division Director.
- 3.11 PINNACLE shall notify the Contract Administrator at least forty-eight (48) hours in advance of the date that any work on the Property will be initiated in order for CITY, in its discretion, to conduct an on-site monitoring visit.
- 3.12 PINNACLE shall execute and CITY shall record, at PINNACLE's expense, separate Mortgages and Promissory Notes in an amount equal to the HOME and NSP-1 Funds respectively, provided by CITY to PINNACLE, for construction-related activities for the Project. The Mortgage and Promissory Note with respect

to the HOME Funds shall be executed in substantially the forms provided in Exhibit "D," Mortgage, and Attachment "A" to Exhibit "D," Promissory Note. Additionally, PINNACLE shall execute and CITY shall record, at PINNACLE's expense a Declaration of Restrictive Covenants ("HOME Declaration"), in substantially the form provided in Exhibit "D-1." The Mortgage and Promissory Note with respect to the NSP-1 Funds shall be executed in substantially the forms provided in Exhibit "D-2" Mortgage, and Attachment "A" to Exhibit "D-2," Promissory Note. PINNACLE shall also execute and CITY shall record, at PINNACLE's expense, a Declaration of Restrictive Covenants (the "NSP-1 Declaration," and together with the HOME Declaration, the "Declarations") in substantially the form provided in Exhibit D-3. The HOME Declaration and the NSP-1 Declaration are sometimes collectively referred to herein as the "Declarations". The Declarations shall be covenants running with the land for the Affordability Period and require PINNACLE to rent units in the Property to Income Eligible Households for the Affordability Period in accordance with the Declarations. The affordability restrictions may, in the sole discretion of CITY, terminate upon foreclosure of the Property, transfer of the Property in lieu of foreclosure to CITY, or upon repayment of any HOME or NSP-1 Funds provided by CITY to PINNACLE, unless otherwise provided by law. Further, PINNACLE shall execute and CITY shall record, at PINNACLE's expense a separate Mortgage and Promissory Note in an amount equal to the CITY's Remaining Loan Funds provided by CITY for PINNACLE for construction related activities for the Project. The Mortgage and Promissory Note with respect to the CITY's Remaining Loan Funds shall be executed in substantially the forms provided in Exhibit "D-4", CITY Mortgage and Attachment "A" to Exhibit "D-4", Promissory Note.

- 3.13 PINNACLE shall ensure that all Project activities comply with all applicable federal, state, and local laws, codes, ordinances, rules, and regulations from acquisition to disposition of the Property. In addition, PINNACLE shall be responsible for securing the Property against theft, vandalism, and trespass from acquisition to disposition of the Property by PINNACLE.
- 3.14 PINNACLE shall not charge any servicing, origination, or other fees for the costs of administering the Project, except as permitted under 24 CFR Section 92.214(b)(1).
- 3.15 PINNACLE shall not be required to assume CITY's responsibilities for any environmental review requirements set forth in 24 CFR Section 92.352.
- 3.16 Any work performed by PINNACLE without CITY approval shall be PINNACLE's responsibility and not the responsibility of CITY.
- 3.17 PINNACLE shall, upon reasonable notice provided by CITY, meet with CITY during regular CITY business hours to address the Project.

- 3.18 PINNACLE shall display a sign identifying CITY and HUD as contributing lenders of HOME Funds and NSP-1 Funds for the encumbered Property, following acquisition of the Property, and during the construction and rental period.
- 3.19 No extension of time shall be granted for delays resulting from normal weather conditions prevailing in the area as defined by the average of the last 10 years of weather data recorded in the Fort Lauderdale/Hollywood International Airport Weather Station.

#### **ARTICLE 4 - AFFORDABILITY**

- 4.1 The Affordability Period for the Project shall be 30 years commencing upon Project Completion. PINNACLE shall ensure that five units of the total number of 120 units for the Project shall be designated as HOME-assisted units for the Affordability Period.
- 4.2 "HOME-assisted units" shall mean the units that can receive HOME Funds based on required subsidy limits set forth in 24 CFR Section 92.250, Subpart F. The Affordability Period shall begin on the date the HOME-assisted units have reached Project Completion, as defined in Section 1.16. The HOME-assisted units are deemed floating units, providing PINNACLE with the flexibility to designate different units in the Project at different times as HOME-assisted units; provided, however, that PINNACLE maintains the units with the same unit mix (i.e., number of bedrooms). The unit mix of HOME-assisted units shall be one one-bedroom unit and four two-bedroom units, all of which shall be classified as "Low-HOME units" rented to households below the Low-HOME income limit as defined by HUD (50% of area median income or less).
- 4.3 PINNACLE shall rent all the units in the Project to Income Eligible Households for the Affordability Period, and shall comply with the income targeting requirements set forth in 24 CFR Section 92.216. PINNACLE shall be responsible for obtaining initial income certification for Income Eligible Households at the time of lease.

#### **ARTICLE 5 - MULTI-FAMILY HOUSING RENTAL UNITS**

- 5.1 PINNACLE shall enter into a written lease with each Income Eligible Household for a period of one year. The maximum amount PINNACLE shall charge as rent for the HOME-assisted units shall be governed by the rent limitations set forth in 24 CFR Section 92.252(a). The annual rental amount limitations for the HOME-assisted units shall be set forth in Exhibit "I," Project Rents, and is based on the type and size of the unit, and such amount shall be amended and incorporated herein, without the necessity of the Parties amending Exhibit "I," for any periodic recalculations by HUD as set forth in 24 CFR Section 92.252.
- 5.2 In accordance with the requirements set forth in 24 CFR Section 92.252, PINNACLE shall ensure that an Income Eligible Household is a tenant in each HOME-assisted unit within six months following the date of Project Completion. In

the event PINNACLE does not comply with the occupancy requirement as set forth in this Agreement, CITY shall require PINNACLE to submit marketing information and, if appropriate, a plan for enhanced marketing of the HOME-assisted units. In the event PINNACLE does not have an Income Eligible Household as a tenant in each HOME-assisted unit within 18 months following the date of Project Completion, PINNACLE shall be in default under this Agreement, and shall be required to repay to CITY any HOME Funds invested in the HOME-assisted units not so occupied.

- 5.3 PINNACLE shall include a provision in the lease of a tenant in any HOME-assisted unit informing the tenant that Income Eligible Households who no longer qualify for a HOME-assisted unit shall be required to pay rent as provided in 24 CFR Section 92.252(i)(2).
- 5.4 PINNACLE shall ensure that its leases for HOME-assisted units shall not contain any lease terms prohibited under 24 CFR Section 92.253(b), Tenant protections and selection.
- 5.5 PINNACLE shall comply with 24 CFR Section 92.253(c) pertaining to termination of the lease or refusal to renew the lease of a tenant in the HOME-assisted unit. PINNACLE shall provide written notice to the tenant identifying the grounds for any action taken pursuant to 24 CFR Section 92.253(c), at least 30 days prior to the termination of the lease.
- 5.6 PINNACLE shall adopt written tenant selection policies and criteria consistent with the requirements set forth in 24 CFR Section 92.253(d). PINNACLE shall provide reasonable consideration to the housing needs of families that have a federal preference under Section 6(c)(4)(A) of the United States Housing Act of 1937, as amended, and provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable, and give prompt written notification to any applicant rejected identifying the grounds for such rejection.
- 5.7 CITY shall have the right, upon prior reasonable written notice, to perform on-site inspections of the HOME-assisted unit to determine compliance with the property standards set forth in 24 CFR Sections 92.251 through 92.258, and to verify information submitted to CITY by PINNACLE.
- 5.8 Within 30 days of Project Completion, PINNACLE shall complete and submit to the Contract Administrator, the Rental Setup and Completion Form utilizing the form provided in Exhibit "H," providing the socio-economic and demographic data on the occupants of the HOME-assisted units under this Agreement, subject to all applicable fair housing laws.

## **ARTICLE 6 - TERM OF AGREEMENT**

The term of this Agreement shall commence upon complete execution of the Parties ("Effective Date"), and shall end on the earlier of the Project Completion date or December 31, 2020, unless extended or terminated earlier as provided herein. As a condition precedent to the effectiveness of this Agreement, funds for this Project Activity must be timely released to CITY pursuant to the United States HUD Home Investment Partnership Act Grant. If such condition precedent fails to occur, then this Agreement shall become null and void and the parties shall be discharged from their respective obligations thereunder. PINNACLE may submit a written request for an extension to the term of this Agreement to the Division Director no less than 90 days prior to the expiration date. In the event the Commission approves an extension to the term of this Agreement, the Parties shall enter into an amendment as provided in Section 14.18.

## **ARTICLE 7 - FUNDING AND METHOD OF PAYMENT AND PROVISIONS RELATING TO THE USE OF HOME AND NSP-1 FUNDS**

- 7.1 The total funds payable under this Agreement by CITY to PINNACLE shall be the sum of \$578,000.00. CITY shall provide funding as follows: (a) the maximum amount of HOME Funds payable by CITY under this Agreement shall be \$84,000 for eligible Project costs set forth in Exhibit "B," Costs/Budget for Project; (b). the maximum amount of NSP-1 Funds payable by CITY under this Agreement shall be \$350,000 for eligible Project costs set forth in Exhibit "B," Costs/Budget for Project; and (c) the City's Remaining Loan Funds shall be in the amount of \$144,000 for eligible Project costs set forth in Exhibit "B" Costs/Budget for Project. The disbursement of the CITY's Remaining Loan Funds are contingent upon the disbursement of the HOME and NSP-1 Funds.
- 7.2 The HOME, NSP-1 and City Remaining Loan Funds provided by CITY to PINNACLE for the Project shall be in the form of a deferred payment loan issued at closing of construction financing for the development ("Closing") and due at the end of the Affordability Period as provided in the applicable Promissory Note and the applicable Declaration of Restrictive Covenants. Payment to PINNACLE from CITY shall be on a reimbursement basis either at Closing or as costs reimbursable under this Agreement are actually incurred and as provided in this Article and in accordance with Exhibit "B," Costs/Budget for Project, and requested by PINNACLE, subject to satisfactory documentation of costs in CITY's sole but reasonable discretion.
- 7.3 At Closing, PINNACLE shall execute and cause to be recorded, at PINNACLE's expense, in the Public Records of Broward County, Florida, subordinate Mortgages and Promissory Notes, in substantially the forms attached as Attachment "A" to Exhibits "D", "D-2 and "D-4"," respectively. Additionally, PINNACLE shall execute and CITY shall record, at PINNACLE's expense, in the Public Records of Broward County, Florida, the Declarations to ensure that the Project remains affordable during the Affordability Period in accordance with the

term of the Declarations. CITY agrees to execute and deliver to PINNACLE's first mortgage lender, one or more subordination agreements in substantially the form attached hereto as Exhibit "D-5 ("Subordination Agreements"). CITY acknowledges that it is the intent of PINNACLE to refinance the first priority construction loan with a permanent first mortgage loan from the Federal Home Loan Mortgage Corporation ("Freddie Mac") upon the Project achieving stabilized operations ("Conversion"). Notwithstanding anything contained herein to the contrary, if Freddie Mac provides the permanent first mortgage loan at Conversion, CITY shall execute and deliver the Subordinations Agreements with such modifications as may be required by Freddie Mac to conform to Freddie Mac's then current form of subordination agreement at the time of Conversion.

- 7.4 Except for any funds paid at closing, PINNACLE shall invoice CITY at least 30 days prior to the date CITY will disburse the HOME, NSP-1 and City Remaining Loan Funds in accordance with Exhibit "C," Timetable/Schedule for Project, utilizing Exhibit "G," Request for Payment Form, for eligible Project costs described in Exhibit "B," Costs/Budget for Project. At no time shall CITY distribute HOME, NSP-1 or City Remaining Loan Funds to PINNACLE if it has not provided the required deliverables.
- 7.5 Following receipt of Exhibit "G," Request for Payment Form, as described in Section 7.4, the Division shall review to determine whether Exhibit "G" includes the documentation necessary for payment by CITY as provided in Section 7.2, and the Division has inspected the Project and determined that PINNACLE is in compliance with the terms of this Agreement.
- 7.6 CITY shall pay PINNACLE within 30 calendar days from receipt of Exhibit "G," Request for Payment Form for eligible Project expenses described in Section 7.4.
- 7.7 CITY may not make payment to PINNACLE under this Agreement for any of the following events:
  - 7.7.1 Failure to cure any default under the terms of this Agreement following notice provided by CITY as provided herein;
  - 7.7.2 Failure to submit reports as required;
  - 7.7.3 Submittal of incorrect or incomplete reports in any material respect; and
  - 7.7.4 Failure to comply with the indemnification obligations under this Agreement.
- 7.8 PINNACLE shall pay its Subcontractors and suppliers within 15 days following receipt of payment from CITY for such subcontracted work or supplies, as applicable. CITY shall have no responsibility nor be liable for PINNACLE's obligation with the Subcontractors and suppliers.

7.9 In the event this Agreement is terminated prior to CITY disbursing the HOME or NSP-1 Funds to PINNACLE, CITY may reallocate the HOME or NSP-1 Funds to other HOME or NSP-1 Program projects approved for funding by the City Commission. Notwithstanding any other provisions in this Agreement, the CITY may also reallocate the CITY'S Remaining Loan Funds.

7.10 Payment shall be made to PINNACLE at:

David O. Deutch, V.P. of General Partner  
Pinnacle at Peacefield, Ltd.  
c/o Pinnacle Housing Group, LLC  
9400 S. Dadeland Boulevard, Suite 100  
Miami, Florida 33156

7.11 Any documentation required by PINNACLE under this Agreement shall be furnished to CITY at the following address:

Clay Milan, Manager  
Community Development Division  
City of Hollywood  
2600 Hollywood Boulevard #203  
Hollywood, Florida 33020

7.12 Notwithstanding anything to the contrary in this Agreement, CITY shall not be required to reimburse PINNACLE any HOME Funds, NSP-1 Funds or City Remaining Loan Funds under this Agreement, if CITY is not able to obtain such funding from HUD for the payment of these costs, and CITY may withhold, in whole or in part, payment to the extent necessary to protect itself from loss on account of inadequate or defective work which has not been remedied or resolved in a manner satisfactory to the Contract Administrator or failure to comply with this Agreement. The amount withheld shall not be subject to payment of interest by CITY.

7.13 Notwithstanding any provision in this Agreement to the contrary, in the event CITY is required to repay HUD any HOME Funds or NSP-1 Funds received from HUD for the Project, pursuant to any repayment requirements set forth in 24 CFR Part 92, or any other applicable Rules and Regulations of HUD, PINNACLE may be required to repay CITY such HOME Funds and/or NSP-1 Funds in accordance with the repayment provisions set forth in Section 9.4 of this Agreement. CITY may determine whether PINNACLE will need to repay the CITY'S Remaining Loan Funds in the event HUD repayments are required.

## **ARTICLE 8 - ASSURANCES AND CERTIFICATIONS**

8.1 PINNACLE shall comply with all applicable federal, state, and CITY laws, ordinances, codes, and regulations relating to the use of HOME Funds and/or



NSP-1 Funds including, but not limited to, the Rules and Regulations of HUD. Any conflict or inconsistency between any federal, state, or CITY regulations and this Agreement shall be resolved in favor of the more restrictive regulations.

- 8.2 PINNACLE shall establish safeguards to prohibit its employees from using their positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have a family, business, or other association.
- 8.3 PINNACLE shall comply with the requirements set forth in the Division's "Procedures Manual for Subrecipients," as may be amended from time to time, and incorporated herein by reference. CITY will provide PINNACLE with a copy of the manual and any amendments thereto.
- 8.4 PINNACLE shall not use HOME or NSP-1 Funds to support or engage in any explicitly religious activities including, but not limited to, activities that involve overt religious content such as worship, religious instruction, or proselytization as further described in 24 CFR Section 92.257.
- 8.5 PINNACLE certifies, to the best of its knowledge and belief, that:
  - 8.5.1 No federal appropriated funds have been paid or will be paid, by or on behalf of PINNACLE, to any person for influencing or attempting to influence an officer or employee of an agency, a member, officer, or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant or loan, the entering into any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
  - 8.5.2 If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member, officer, or employee of Congress, or an employee of a member of Congress in connection with this Agreement, PINNACLE shall complete and submit to CITY Standard Form - LLL, "Disclosure Form to Report Lobbying," set forth in Appendix B to 24 CFR Part 87, in accordance with its instructions.
  - 8.5.3 The language in this Section 8.5 shall be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and all subgrantees shall be required to certify and disclose accordingly.
- 8.6 PINNACLE shall comply with the nondiscrimination and other federal requirements set forth 24 CFR Part 350 including, but not limited to, the following:

- 8.6.1 Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d et seq.), and implementing regulations at 24 CFR Part 146, which prohibit discrimination of persons on the basis of race, color, or national origin, including, but not limited to, exclusion from participation in, being denied the benefits of, or being otherwise subjected to discrimination under any program or activity for which PINNACLE receives federal financial assistance.
- 8.6.2 Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended by the Fair Housing Amendments Act of 1988 (42 U.S.C. 3601 et seq.), which prohibit discrimination of persons on the basis of race, color, religion, sex, and national origin in housing practices.
- 8.6.3 Age Discrimination Act of 1975, as amended (42 U.S.C. 6101 et seq.), and the implementing regulations set forth in 24 CFR Part 146, which prohibit discrimination of persons on the basis of age under any program, or activity for which PINNACLE receives federal financial assistance.
- 8.6.4 Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and the implementing regulations set forth in 24 CFR Part 8, which prohibit discrimination of qualified individuals with disabilities in participating in, or receiving benefits and services under any program or activity for which PINNACLE receives financial federal assistance.
- 8.6.5 Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. 12101 et seq.), which prohibits discrimination of individuals on the basis of race, color, sex, national origin, religion, or age.
- 8.6.6 Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u, and the implementing regulations set forth in 24 CFR Part 135, as applicable), which provides for training, employment, contracting, and other economic opportunities for low and very low-income persons.
- 8.6.7 The disclosure requirements and prohibitions set forth in 31 U.S.C. 1352 and implementing regulations set forth in 24 CFR Part 87; and the requirements for funding competitions established by the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3531 et seq.).
- 8.6.8 The prohibitions set forth in 2 CFR Part 2424 relating to the use of debarred, suspended, or ineligible contractors and participants.
- 8.6.9 The Drug-Free Workplace Act of 1988 (41 U.S.C. 701 et seq.) and HUD's implementing regulations set forth in 2 CFR Part 2429.
- 8.7 PINNACLE shall comply with the recordkeeping and reporting requirements under this Agreement to assist CITY in complying with its recordkeeping and reporting

requirements set forth in 24 CFR Section 92.508 and 92.509 and 24 CFR Sections 85.42 and 85.43.

- 8.8 PINNACLE shall take all reasonable steps in accordance with the requirements set forth in 24 CFR Section 92.353 to minimize the displacement of persons as a result of any Project activities.
- 8.9 PINNACLE shall comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821, et. seq.), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851 et seq.), and the implementing regulations set forth in 24 CFR Part 35, and as set forth in 24 CFR Section 92.355.
- 8.10 PINNACLE shall comply with 24 CFR Section 92.250 relating to the maximum per-unit subsidy amount for the HOME-assisted units. The maximum HOME-assisted units subsidy shall not be increased above 240% of the base limits authorized by Section 221(d)(3)(ii) of the National Housing Act (12 U.S.C. 17151(d)(3)(ii)).
- 8.11 PINNACLE shall comply with 24 CFR Section 92.250 relating to subsidy layering and underwriting for the Project.
- 8.12 In the event the Project provides for 10 or more HOME-assisted units, CITY shall, pursuant to 24 CFR Section 92.504(d)(2), examine, at least annually during the Affordability Period, the financial condition of the Project to determine the financial viability of the housing, and if CITY determines problems exist, PINNACLE shall take such action necessary to correct the problems, to the extent feasible. In the event the Project provides for less than 10 HOME-assisted units, CITY reserves the right to perform such reviews periodically as deemed necessary by CITY, and PINNACLE shall take such action necessary to correct the problems, to the extent feasible.
- 8.13 PINNACLE shall annually certify to CITY in accordance with 24 CFR Section 92.504(d)(1)(C), that the Property assisted with HOME Funds under this Agreement and the HOME-assisted units in the Project are suitable for occupancy in accordance with all applicable state and local health, safety, and other applicable codes, ordinances, and requirements, and CITY's property standards established to meet the requirements set forth in 24 CFR Section 92.251.
- 8.14 To the extent applicable to the Project, PINNACLE shall comply with the Davis-Bacon Act (40 U.S.C. 276a-276a-7), as supplemented by the United States Department of Labor regulations set forth in 24 CFR Part 5, which require all laborers and mechanics working on the Project be paid not less than prevailing wage rates as determined by the Secretary of Labor. Additionally, if applicable, PINNACLE shall comply with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330), as supplemented by the United States Department of Labor regulations set forth in 29 CFR Part 5.

- 8.15 In addition to the audit rights, and retention of records requirements set forth in Section 14.4, PINNACLE shall provide CITY, HUD, and the United States Comptroller General, through any authorized representative, the right of access to any pertinent books, documents, papers, or other records relating to the Project in order to make audits, examinations, excerpts, and transcripts.

## **ARTICLE 9 - FINANCIAL RESPONSIBILITY**

- 9.1 PINNACLE shall maintain books and records in accordance with generally accepted accounting principles and properly reflect all expenditures of HOME Funds, NSP-1 Funds and City Remaining Loan Funds provided by CITY under this Agreement.
- 9.2 PINNACLE shall use HOME, NSP-1 and City Remaining Loan Funds only for eligible Project activities specifically outlined in this Agreement.
- 9.3 PINNACLE shall disclose to CITY any and all third party funding, whether public or private, for the Project. No CITY funding shall be used to supplant existing third party funding.
- 9.4 In addition to CITY's right to terminate this Agreement in accordance with Article 12, PINNACLE shall be required to repay to CITY, in CITY's sole discretion, any HOME or NSP-1 Funds required to be repaid to HUD by CITY for the Project in accordance with any applicable Rules and Regulations of HUD regarding repayments including, but not limited to, in the following events:
- 9.4.1 Use of any HOME Funds or NSP-1 Funds for ineligible Project costs or activities.
- 9.4.2 Any HOME or NSP-1 Funds expended by PINNACLE, or any Subcontractor, in violation of this Agreement.
- In the event PINNACLE is required to repay CITY any HOME or NSP-1 Funds pursuant to this Section 9.4, PINNACLE shall repay such funds from nonfederal resources within 30 days of written notice provided by CITY. This provision shall survive the expiration or earlier termination of this Agreement.
- 9.5 PINNACLE shall budget and expend all HOME, NSP-1 and City Remaining Loan Funds provided by CITY under this Agreement in accordance with the Division's "Procedures Manual for Subrecipients."
- 9.6 PINNACLE shall submit, at its own expense, to the Division within 180 days of Project Completion, a complete audited financial accounting of all Project activities, utilizing the form provided in Exhibit "F," Final Accounting for Project. These audits submitted to CITY shall include: 1) the Final Cost Certificate audit prepared by an independent auditor and submitted as required by Florida Housing Finance Corporation, encompassing all development costs for the Project, 2) the Final

General Contractor's Cost Certification audit prepared by an independent auditor and submitted as required by Florida Housing Finance Corporation, encompassing all construction-related costs for the Project.

In the event the audit report for either PINNACLE's or the General Contractor's final cost certification shows that the entire HOME, NSP-1 or City Remaining Loan Funds, or any portion thereof, was not expended in accordance with the conditions set forth in this Agreement and pursuant to any applicable law or regulation, PINNACLE shall be held liable for reimbursement to the CITY of all HOME, NSP-1 or City Remaining Loan Funds not expended in accordance with this Agreement or applicable laws or regulations. PINNACLE shall reimburse the CITY within 30 days after receipt of the written notice from the CITY of such non-compliance.

- 9.7 PINNACLE shall have an adequate financial system and internal fiscal controls in accordance with HUD and CITY requirements.
- 9.8 PINNACLE shall comply with the affirmative marketing requirements set forth in 24 CFR Section 92.351, and, Exhibit "J," Affirmative Marketing Policy, relating to marketing the Project to Income Eligible Households.

#### **ARTICLE 10 - INDEMNIFICATION**

- 10.1 PINNACLE shall at all times hereafter indemnify, hold harmless and, at the City Attorney's option, defend or pay for an attorney selected by the City Attorney to defend CITY, its officers, agents, servants, and employees from and against any and all causes of action, demands, claims, losses, liabilities and expenditures of any kind, including reasonable attorney's fees, court costs, and expenses caused or alleged to be caused by the intentional or negligent act of, or omission of, PINNACLE, its employees, agents, servants, subcontractors, or officers, accruing, resulting from, or related to the subject matter of this Agreement, including without limitation, any and all claims, losses, liabilities, expenditures, demands, or causes of action of any nature whatsoever resulting from injuries or damages sustained by any person or property ("Claims"). In the event of a lawsuit or other proceeding is brought against CITY by reason of such claim, cause of action or demand, PINNACLE shall, upon written notice from CITY, resist and defend such lawsuit or proceeding by counsel satisfactory to CITY or, at CITY's option, pay the reasonable fees for an attorney selected by the City Attorney to defend CITY. To the extent considered necessary by the Director and City Attorney, any sums due PINNACLE under this Agreement may be retained by CITY until all of CITY's claims for indemnification under this Agreement have been settled or otherwise resolved; and any amount withheld shall not be subject to payment of interest by CITY. Such obligation to indemnify and hold harmless shall continue notwithstanding any negligence or comparative negligence on the part of the CITY relating to such loss or damage and shall include all costs, expenses and liabilities incurred by the CITY in connection with any such claim, suit, action or cause of action, including the investigation thereof and the defense of any action or

proceeding brought thereon and any order, judgment or decree which may be entered in any such action or proceeding or as a result thereof; provided however, any duty to defend, indemnify or hold CITY harmless shall not extend to any Claims resulting from or attributable to the gross negligence or willful misconduct of CITY, its employees, agents or contractors. Nothing in this Agreement shall be construed to affect in any way the CITY's rights, privileges, and immunities under the doctrine of "sovereign immunity" and as set forth in Section 768.28, Florida Statutes. The provisions and obligations of this section shall survive the expiration or earlier termination of this Agreement. The CITY gives as independent and specific consideration the sum of \$10.00 for the granting of this indemnification/hold harmless. The receipt and sufficiency of this consideration is acknowledged by PINNACLE. City and PINNACLE acknowledge that no HOME or NSP-1 Funds shall be used to pay for construction and/or design work. However, if construction and/or design work is being funded with HOME and/or NSP-1 Funds pursuant to this Agreement, then these provisions will be interpreted to comply with the applicable provisions of Sections 725.06 and 725.8, Florida Statutes, as applicable.

- 10.2 In the event PINNACLE contracts with a Subcontractor to perform any work or activities for the Project which are or will be funded with the HOME or NSP-1 Funds, any contract with such Subcontractor shall include the following provisions in substantially the form provided below:

10.2.1 Indemnification: Subcontractor shall indemnify and hold harmless CITY, its officers and employees, from any and all claims, causes of action, demands, liabilities, damages, losses, expenditures and costs, including, but not limited to, reasonable attorney's fees, to the extent caused by the negligence, recklessness, or intentionally wrongful conduct of Subcontractor and persons employed or utilized by Subcontractor in the performance of this Agreement. These indemnifications shall survive the term of this Agreement. To the extent permitted by law, in the event that any action or proceeding is brought against CITY by reason of any such claim, demand or cause of action, Subcontractor shall, upon written notice from CITY, resist and defend such action or proceeding by counsel satisfactory to the CITY. Such obligation to indemnify and hold harmless shall continue notwithstanding any negligence or comparative negligence on the part of the CITY relating to such loss or damage and shall include all costs, expenses and liabilities incurred by the CITY in connection with such claim, suit, action or cause of action, including the investigation thereof and the defense of any action or proceeding brought thereon and order, judgment or decree which may be entered in any such action or proceeding or as a result thereof. Nothing in this Agreement shall be construed to affect in any way the CITY's rights, privileges, and immunities under the doctrine of "sovereign immunity" and as set forth in Section 768.28, Florida Statutes.

10.2.2 To the extent permitted by law, the indemnification provided in 10.2.1 shall obligate Subcontractor to defend, at its own expense, to and through appellate, supplemental, or bankruptcy proceedings, or to provide for such defense, at CITY's option, any and all claims of liability and all suits and actions of every name and description covered by this Article, which may be brought against the CITY, whether services were performed by Subcontractor or persons employed or utilized by Subcontractor.

10.2.3 In order to insure the indemnification obligation noted above, Subcontractor shall, at a minimum, provide, pay for, and maintain in full force and effect at all times during the term of this Agreement (unless provide otherwise), the insurance requirements set forth in Exhibit "K".

## **ARTICLE 11 - INSURANCE**

- 11.1 PINNACLE shall maintain at its sole expense, at all times during the term of this Agreement (unless a different time period is otherwise stated herein), at least the minimum insurance coverage designated in Exhibit "K," Insurance Requirement, in accordance with the terms and conditions stated in this Article. Such coverage may be carried by PINNACLE directly or through Pinnacle Housing Group, LLC as Developer (as applicable and appropriate).
- 11.2 Such policies shall be issued by companies authorized to do business in the State of Florida, with a minimum AM Best financial rating of A-. Coverage shall be provided on forms no more restrictive than the latest edition of the applicable form filed by the Insurance Services Office. PINNACLE shall name the City of Hollywood as an additional insured under the primary and non-contributory Commercial General Liability policy, Business Automobile Liability policy as well as on any Excess Liability policy. The official title of the Certificate Holder is the City of Hollywood. This official title shall be used in all insurance documentation.
- 11.3 Within 15 days of the Effective Date of this Agreement, PINNACLE shall provide to CITY proof of insurance in the form of Certificate(s) of Insurance and applicable endorsements, Declaration pages, or insurance policies evidencing all insurance required by this Article. CITY reserves the right to obtain a certified copy of any policies required by the Article upon request. Coverage is not to cease and is to remain in force until the CITY determines all performance required of PINNACLE is completed. CITY shall be notified of any restriction or cancellation of coverage within 30 days. If any of the insurance coverage will expire prior to the completion of the work, proof of insurance renewal shall be provided to CITY upon expiration.
- 11.4 CITY reserves the right to review and revise any insurance requirements at the time of renewal or amendment of this Agreement including, but not limited to, deductibles, limits, coverage, and endorsements.
- 11.5 If PINNACLE uses a Subcontractor, PINNACLE shall ensure that each Subcontractor names "City of Hollywood" as an additional insured under the

Subcontractor's Commercial General Liability, Business Automobile Liability, and Excess/Umbrella policies.

## **ARTICLE 12 - TERMINATION**

12.1 This Agreement is subject to the availability of HOME and NSP-1 funding from HUD. In the event HUD terminates, suspends, discontinues, or substantially reduces the HOME or NSP-1 funding for the Project activity under this Agreement, CITY may terminate this Agreement upon PINNACLE's receipt from CITY of no less than 24 hours' notice. CITY shall be the final authority as to the availability of HOME Funds and NSP-1 Funds.

### 12.2 Termination for Cause.

12.2.1 This Agreement may be terminated for cause by CITY, at the discretion of and through the City Manager in accordance with Section 38.48 of CITY's Code of Ordinances, if PINNACLE fails to comply with any terms under this Agreement and has not corrected the breach within 30 days after receipt of written notice from CITY identifying the breach provided, however, if such breach cannot reasonably be cured within such 30 day period, PINNACLE shall not be in default hereunder provided PINNACLE has commenced cure within such 30 day period and thereafter diligently prosecutes same to completion. Any notice of termination provided by CITY pursuant to this Section 12.2 shall also provide PINNACLE with an opportunity to appeal the action in accordance with 24 CFR Section 85.43 and CITY's Adopted Housing Policies, and a copy of the appeal process shall be attached to the notice. Any appeal by PINNACLE shall be filed within five days of receipt of CITY's notice of termination.

12.2.2 Termination for cause by CITY may include, but is not limited to, PINNACLE's failure to commence work on the Project, as set forth in Exhibit "C," Timetable/Schedule for Project, within 90 days from the Effective Date of this Agreement by the Parties, repeated (whether negligent or intentional) submission for payment of false or incorrect bills or invoices, failure to suitably perform the work, failure to continuously perform the work in a manner calculated to meet or accomplish the objectives under this Agreement, failure to repay CITY as provided in Section 9.4, or contracting with a Subcontractor to provide any Project services under this Agreement who has been debarred, suspended, or is otherwise excluded from, or ineligible for participation in, any federal assistance program subject to 2 CFR Part 2424. The Agreement may also be terminated for cause if PINNACLE is placed on the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List created pursuant to Section 215.473, Florida Statutes.



- 12.2.3 In the event this Agreement is terminated by CITY for cause, PINNACLE shall repay to CITY any HOME Funds, NSP-1 Funds and City Remaining Loan Funds determined by CITY to be due in accordance with the terms of this Agreement.
- 12.3 Termination for Convenience. At any time after the execution of this Agreement but before Closing and funding of the HOME. NSP-1 Funds or CITY Remaining Loan Funds, the CITY may, at its option for convenience, terminate this Agreement upon 30 days prior written notice to PINNACLE. If the CITY terminates this Agreement for convenience, the CITY shall pay PINNACLE for all eligible services and allowable expenditures pursuant to this Agreement and applicable laws and regulations until the effective date of said termination. In the event that the grant to the CITY under Title II, the Cranston-Gonzalez National Affordable Act of 1990 is suspended or terminated, then this Agreement shall be suspended or terminated effective on the date HUD specifies. The Division has the right under this Agreement to suspend or terminate payments until PINNACLE complies with any applicable additional legal requirements that may be imposed by the City, the State of Florida or HUD at any time during the term of this this Agreement.
- 12.4 In the event this Agreement is terminated for any reason, CITY will reimburse PINNACLE upon receipt of a Request for Payment Form as provided in Exhibit "G," for documented and committed eligible Project costs in accordance with the terms of this Agreement and Exhibit "B," Costs/Budget for Project, incurred by PINNACLE prior to the effective date of termination of this Agreement. For purposes of this Agreement, documented and committed eligible Project costs means any verifiable committed expense incurred for the payment of impact fees in accordance with Exhibit "B." However, PINNACLE shall not encumber any HOME Funds, NSP Funds or CITY remaining loan funds under this Agreement after either party provides written notice of termination to the other party. Any payment by CITY pursuant to this Section 12.4 is subject to the repayment provisions in Section 9.4.
- 12.5 Notice of suspension or termination of this Agreement shall be provided in accordance with the "NOTICES" section of this Agreement except that notice of termination by the City Manager, which the City Manager deems necessary to protect the public health, safety, or welfare may be verbal notice that shall be promptly confirmed in writing in accordance with the "NOTICES" section of this Agreement.
- 12.6 In the event this Agreement is terminated for any reason, any amounts due PINNACLE shall be withheld by CITY until all documents are provided to CITY pursuant to Section 14.1 of Article 14.

- 12.7 CITY shall give the Tax Credit Investor listed in any Rider to the Mortgage to be executed in accordance with the terms of this Agreement, written notice of any alleged default by PINNACLE under the terms of any of the loan documents related to this Agreement, and the Tax Credit Investor shall be extended an opportunity to cure such default, which cure period shall be a period of 30 calendar days longer than the cure period provided to PINNACLE.

### **ARTICLE 13 - NOTICES**

In order for a notice to a party to be effective under this Agreement, notice must be sent via U.S. first-class mail with a contemporaneous copy via e-mail to the addresses listed below and shall be effective upon mailing. The addresses for notice shall remain as set forth herein unless and until changed by providing notice of such change in accordance with the provisions of this Article.

As to CITY:

Clay Milan, Manager  
Community Development Division  
2600 Hollywood Boulevard #203  
Hollywood, Florida 33020

With a Copy to:

Douglas R. Gonzales, City Attorney  
Office of the City Attorney  
Hollywood City Hall  
2600 Hollywood Blvd. Room 407  
Hollywood, Florida 33020

As to Pinnacle:

David O. Deutch, Vice President  
PHG-Peacefield, LLC, General Partner  
Pinnacle at Peacefield, Ltd.  
c/o Pinnacle Housing Group, LLC  
9400 S. Dadeland Boulevard, Suite 100  
Miami, Florida 33156  
Email address: [david@pinnaclehousing.com](mailto:david@pinnaclehousing.com)

With copies to:

Shutts & Bowen LLP  
200 South Biscayne Boulevard  
41<sup>st</sup> Floor  
Miami, Florida 33131  
Attn: Robert Cheng, Esq.  
Email address: [rcheng@shutts.com](mailto:rcheng@shutts.com)

Citibank, N.A.  
388 Greenwich St, 8th Floor  
New York, NY 10013  
Attention: Mark Sherman

Nixon Peabody LLP  
779 9th Street, NW, Suite 500  
Washington, DC 20001-4501  
Attention: Matthew W. Mullen

TCAM  
30 Federal Street, 6th Floor  
Boston, MA 02110-2508  
Attention: Jenny Netzer

## **ARTICLE 14 - MISCELLANEOUS**

### **14.1 RIGHTS IN DOCUMENTS AND WORK**

Subject to the rights of all priority lien mortgage holders, all reports, plans, surveys, information, documents, maps and other data procedures developed, prepared, assembled or completed by PINNACLE for the purposes of this Agreement shall, upon an event of default, become the property of CITY without restriction, reservation, or limitation on their use and shall be made available by PINNACLE at any time upon request by CITY or the Division. Upon Project Completion, copies of all of the above data shall be delivered to the Division Director upon written request including, but not limited to, any project set-up and completion reports requested by HUD.

### **14.2 EQUAL EMPLOYMENT OPPORTUNITY**

No party to this Agreement may discriminate on the basis of race, color, sex, religion, national origin, disability, age, marital status, political affiliation, sexual orientation, pregnancy, or gender identity and expression in the performance of this Agreement.

PINNACLE shall include the foregoing or similar language in its contracts with any Subcontractor, except that any project assisted by the U.S. Department of

Transportation funds shall comply with the non-discrimination requirements in 49 CFR Parts 23 and 26.

Failure by PINNACLE to carry out any of the requirements of this Section shall constitute a material breach of this Agreement, which shall permit CITY to terminate this Agreement or to exercise any other remedy provided under this Agreement, or under other applicable law, all such remedies being cumulative.

By execution of this Agreement, PINNACLE represents that it is not debarred, suspended or otherwise ineligible [to receive Federal Contracts] and has not been placed on the discriminatory vendor list as provided in Section 287.134, Florida Statutes. CITY hereby materially relies on such representation in entering into this Agreement. An untrue representation of the foregoing shall entitle CITY to terminate this Agreement and recover from PINNACLE all monies paid by CITY pursuant to this Agreement, and may result in debarment from CITY's competitive procurement activities.

#### 14.3 PUBLIC RECORDS

The following provisions are required by Section 119.0701, Florida Statutes, and may not be amended. PINNACLE shall keep and maintain public records required by CITY to perform the services required under this Agreement. Upon request from CITY'S custodian of public records, PINNACLE shall provide CITY with a copy of any requested public records or to allow the requested public records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes, or as otherwise provided by law. PINNACLE shall ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the term of this Agreement and following expiration or earlier termination of this Agreement if PINNACLE does not transfer the public records to CITY. Upon expiration or earlier termination of this Agreement, PINNACLE shall transfer, at no cost, to CITY all public records in possession of PINNACLE or keep and maintain public records required by CITY to perform the services required under this Agreement. If PINNACLE transfers all public records to CITY upon the expiration or earlier termination of this Agreement, PINNACLE shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If PINNACLE keeps and maintains public records upon the expiration or earlier termination of this Agreement, PINNACLE shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to CITY, upon request from CITY'S custodian of public records, in a format that is compatible with CITY's information technology systems.

IF A PARTY TO THIS AGREEMENT HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO ITS DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THE AGREEMENT, CONTACT

PAT CERNY, CITY CLERK, 2600 HOLLYWOOD BLVD., 33020 OR  
PCERNY@HOLLYWOODFL.ORG WITH A COPY TO  
CMILAN@HOLLYWOODFL.ORG, 2600 HOLLYWOOD BLVD., HOLLYWOOD,  
FLORIDA 33020.

The failure of PINNACLE to comply with the provisions set forth in this Section 14.3 shall, subject to any applicable notice and/or cure period, constitute a default and breach of this Agreement, and City Shall enforce the default in accordance with the provisions set forth in Section 12.2.

#### 14.4 AUDIT RIGHTS, RETENTION OF RECORDS, MONITORING

For the purposes of auditing and monitoring the HOME, NSP-1 and CITY remaining loan Funds awarded pursuant to this Agreement, PINNACLE shall provide CITY with annual independent audited financial statements for the Project. PINNACLE shall bear all costs and expenses for each audit. Each annual audit shall be submitted to the CITY no later than June 30 of each year for the immediately preceding calendar year, commencing the year following the date on which the first unit in the Project is placed in service. PINNACLE shall have all such audits completed by an independent public account (IPA) who shall either be a certified public accountant or a public accountant licensed under Chapter 473, Florida Statutes. The complete annual financial audit report shall be sent directly:

Director of Financial Services  
City of Hollywood, Florida  
2600 Hollywood Boulevard, Rm. 120  
Hollywood, Florida 33020

PINNACLE shall retain all financial records, reports, supporting documents, statistical records, and any other documents pertinent to this Agreement for the period of affordability. However, if litigation or an audit has been initiated prior to the expiration of the period of affordability, the records shall be retained until the litigation or audit findings have been resolved.

CITY shall have the right to audit the books, records, and accounts of PINNACLE and its Subcontractor that are related to this Agreement. PINNACLE and its Subcontractor shall keep such books, records, and accounts as may be necessary in order to record complete and correct entries related to this Agreement and performance thereunder. All books, records, and accounts of PINNACLE and its Subcontractor shall be kept in written form, or in a form capable of conversion into written form within a reasonable time, and upon request to do so, PINNACLE, or its Subcontractor, as applicable, shall make same available at no cost to CITY in written form.

In accordance with the records retention period set forth in 24 CFR Part 92 and Part 85, PINNACLE and its Subcontractors shall preserve and make available, at reasonable times for examination and audit by CITY, all financial records, supporting documents, statistical records, and any other documents pertinent to this Agreement for a minimum of five years after submission of the last or final expenditure report for the funding period associated with the term of this Agreement, or until resolution of any audit findings, whichever is longer. CITY audits and inspections pursuant to this Section may be performed by any CITY representative (including any outside representative engaged by CITY). CITY reserves the right to conduct such audit or review at PINNACLE's place of business, if deemed appropriate by CITY, with 72 hours' advance written notice.

Any incomplete or incorrect entry in such books, records, and accounts shall be a basis for CITY's disallowance and recovery of any payment upon such entry. If an audit or inspection in accordance with this Section discloses overpricing or overcharges to CITY of any nature by PINNACLE, the reasonable actual cost of CITY's audit shall be reimbursed to CITY by PINNACLE in addition to making adjustments for the overcharges. Any adjustments and/or payments due as a result of such audit or inspection shall be made within 30 days from presentation of CITY's findings to PINNACLE.

Pursuant to 24 CFR 85.40, CITY is responsible to monitor grant funded activities to assure compliance with applicable Federal requirements.

To determine the appropriate level of monitoring to undertake, the CITY evaluated PINNACLE'S risk of noncompliance with federal or state statutes, regulations, and the terms and conditions of the subaward. In doing so, the CITY considered factors such as:

- (i) PINNACLE'S prior experience with the same or similar subawards;
- (ii) the results of previous audits; and
- (iii) whether PINNACLE has new personnel or new or substantially changed systems.

As a result of the Risk Assessment the CITY has determined PINNACLE to be Low-Risk.

Low Risk Monitoring Schedule – Desk reviews at each request for reimbursement and one on-site monitoring per year.

Monitoring for this Agreement falls into the following general compliance areas:

- Program monitoring assesses the overall performance and operation of the program and activities are carried out effectively and in compliance with HOME and NSP-1 regulations.

- Administrative and financial monitoring assesses the fiscal and administrative management of the HOME and NSP-1 Funds.
- Project monitoring assesses compliance with requirements related to the specific HOME and NSP-1 activity.

The CITY shall conduct two forms of monitoring:

1. Desk Reviews – Desk reviews shall involve reviewing reports as required in this Agreement to determine how well the project is being managed, and whether it is achieving its goals and compliance obligations.

2. On-site Monitoring - Onsite monitoring involves a visit to the funded entity's office to review documents and source information, observe actual project operations, and discuss programs and projects with the staff carrying them out. Onsite monitoring will take place at least annually or whenever the desk review suggests that there may be complications to project completion. Once scheduled, a formal notification letter shall be sent to PINNACLE at least 10 days prior to the planned visit. The formal notification letter shall include:

- Confirmation of the date and time for the review;
- Name of the CITY staff performing the review;
- Elements of the project to be monitored;
- Information needed for review during the visit (files and records);
- Staff needed for interviews or other assistance during the review.

Follow-up – At completion of each On-site Monitoring staff shall prepare and distribute a report summarizing the results of the review and describing any required follow-up.

PINNACLE shall ensure to CITY's reasonable satisfaction that the requirements of this Section 14.4 are included in all agreements with its Subcontractors performing services for the Project which are funded in whole or in part with the HOME or NSP-1 Funds.

#### 14.5 TRUTH-IN-NEGOTIATION REPRESENTATION

PINNACLE's compensation under this Agreement is based upon representations supplied to CITY by PINNACLE, and PINNACLE certifies that the information supplied, including without limitation in the negotiation of this Agreement, is accurate, complete, and current in all material respects at the time of contracting. CITY shall be entitled to recover any damages it incurs to the extent such representation is untrue.

#### 14.6 PUBLIC ENTITY CRIME ACT

PINNACLE represents that it is familiar with the requirements and prohibitions under the Public Entity Crime Act, Section 287.133, Florida Statutes, and represents that its entry into this Agreement will not violate that Act. In addition to the foregoing, PINNACLE further represents that there has been no determination that it committed a "public entity crime" as defined by Section 287.133, Florida Statutes, and that it has not been formally charged with committing an act defined as a "public entity crime" regardless of the amount of money involved or whether PINNACLE has been placed on the convicted vendor list. Notwithstanding any provision in this Agreement to the contrary, if any representation stated in this Section 14.6 is false, CITY shall have the right to immediately terminate this Agreement and recover all sums paid to PINNACLE under this Agreement.

#### 14.7 INDEPENDENT CONTRACTOR

PINNACLE is and shall be an independent contractor under this Agreement. In providing services under this Agreement, neither PINNACLE nor its agents shall act as officers, employees, agents or subcontractors of CITY. PINNACLE shall not have the right to bind CITY to any obligation not expressly undertaken by CITY under this Agreement. Personnel policies, tax responsibilities, social security and health insurance, employee benefits, purchasing policies and other similar administrative procedures applicable to the performance of PINNACLE's obligations under this Agreement shall be those of PINNACLE, which policies of PINNACLE shall not conflict with CITY, H.U.D., or Federal policies, rules or regulations relating to the use of HOME funds provided for herein. CITY and PINNACLE are not partners, joint venturers or affiliated entities.

#### 14.8 THIRD PARTY BENEFICIARIES

Neither PINNACLE nor CITY intends to directly or substantially benefit a third party by this Agreement. Therefore, the Parties acknowledge that there are no third party beneficiaries to this Agreement and no third party shall be entitled to assert a claim against either of them based upon this Agreement.

#### 14.9 ASSIGNMENT AND PERFORMANCE

Except for subcontracting approved in writing by CITY at the time of its execution of this Agreement or any written amendment hereto, neither this Agreement nor any right or interest herein may be assigned, transferred, subcontracted, or encumbered by PINNACLE without the prior written consent of CITY. If PINNACLE violates this provision, CITY shall have the right to immediately terminate this Agreement. PINNACLE represents that each person and entity that will provide services under this Agreement is duly qualified to perform such services by all appropriate governmental authorities, where required, and is sufficiently experienced and skilled in the area(s) for which such person or entity will render services. PINNACLE agrees that all services under this Agreement shall be performed in a skillful and respectful manner, and that the quality of all



such services shall equal or exceed prevailing industry standards for the provision of such services.

#### 14.10 CONFLICT OF INTEREST

PINNACLE shall comply with the requirements set forth in 24 CFR Section 92.356 relating to the Conflict of Interest provisions. Any possible conflicting interest on the part of PINNACLE, its officers, employees, agents or subcontractors, shall be disclosed in writing to the Division.

#### 14.11 CONFLICTS

Neither PINNACLE nor its employees shall have or hold any continuing or frequently recurring employment or contractual relationship that is substantially antagonistic or incompatible with PINNACLE's loyal and conscientious exercise of judgment and care related to its performance under this Agreement. None of PINNACLE's officers or employees shall, during the term of this Agreement, serve as an expert witness against CITY in any legal or administrative proceeding in which he or she is not a party, unless compelled by court process. Further, such persons shall not give sworn testimony or issue a report or writing, as an expression of his or her opinion, which is adverse or prejudicial to the interests of CITY in connection with any such pending or threatened legal or administrative proceeding unless compelled by court process. The limitations of this Section 14.11 shall not preclude PINNACLE or any person in any way from representing themselves, including giving expert testimony in support thereof, in any action or in any administrative or legal proceeding. In the event PINNACLE is permitted pursuant to this Agreement to utilize a Subcontractor to perform any services required by this Agreement, PINNACLE shall require such Subcontractor, by written contract, to comply with the provisions of this Section to the same extent as PINNACLE

#### 14.12 MATERIALITY AND WAIVER OF BREACH

Each requirement, duty, and obligation set forth herein was bargained for at arm's-length and is agreed to by the Parties. Each requirement, duty, and obligation set forth herein is substantial and important to the formation of this Agreement, and each is, therefore, a material term hereof. CITY's failure to enforce any provision of this Agreement shall not be deemed a waiver of such provision or modification of this Agreement. A waiver of any breach of a provision of this Agreement shall not be deemed a waiver of any subsequent breach and shall not be construed to be a modification of the terms of this Agreement.

#### 14.13 COMPLIANCE WITH APPLICABLE LAWS

PINNACLE shall keep fully informed of and shall comply with all applicable federal, state, and local laws, codes, ordinances, rules, and regulations in performing its duties, responsibilities, and obligations pursuant to this Agreement.

#### 14.14 SEVERABILITY

In the event any part of this Agreement is found to be unenforceable by any court of competent jurisdiction, that part shall be deemed severed from this Agreement and the balance of this Agreement shall remain in full force and effect.

#### 14.15 JOINT PREPARATION

This Agreement has been jointly prepared by the Parties hereto, and shall not be construed more strictly against either party.

#### 14.16 INTERPRETATION

The headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement. All personal pronouns used in this Agreement shall include the other gender, and the singular shall include the plural, and vice versa, unless the context otherwise requires. Terms such as "herein," "hereof," "hereunder," and "hereinafter" refer to this Agreement as a whole and not to any particular sentence, paragraph, or section where they appear, unless the context otherwise requires. Whenever reference is made to a Section or Article of this Agreement, such reference is to the Section or Article as a whole, including all of the subsections of such Section, unless the reference is made to a particular subsection or subparagraph of such Section or Article.

#### 14.17 PRIORITY OF PROVISIONS

If there is a conflict or inconsistency between any term, statement, requirement, or provision of any document or exhibit attached hereto or referenced or incorporated herein and any provision of Articles 1 through 14 of this Agreement, the provisions contained in Articles 1 through 14 shall prevail and be given effect. In the event there is a conflict between any provisions set forth in this Agreement and a more stringent state or federal provision which is applicable to any services performed under this Agreement, the more stringent state or federal provision shall prevail.

#### 14.18 AMENDMENTS

The Parties may amend this Agreement to conform to changes in federal, state, or local laws, regulations, directives, and objectives. No modification, amendment, or alteration in the terms or conditions contained herein shall be effective unless contained in a written document prepared with the same or similar formality as this Agreement and executed on behalf of and approved by the City Commission and PINNACLE or others delegated authority to or otherwise authorized to execute same on their behalf. The Division Director shall be authorized to approve, in writing, line item budget changes to the information set forth in Exhibit "B," Costs/Budget for Project, during the term of this Agreement provided such changes do not result in an increase in the HOME or NSP-1 Funds set forth in

Section 7.1 of this Agreement, and Exhibit "B." The written document from the Division Director approving such changes shall be deemed incorporated into this Agreement.

#### 14.19 LAW, JURISDICTION, VENUE, WAIVER OF JURY TRIAL

This Agreement shall be interpreted and construed in accordance with and governed by the laws of the State of Florida, and any and all legal action between the parties arising out of this Agreement will be brought in Broward County. If any claim arising from, related to, or in connection with this Agreement must be litigated in federal court, the Parties agree that the exclusive venue for any such lawsuit shall be in the United States District Court or the United States Bankruptcy Court for the Southern District of Florida. **BY ENTERING INTO THIS AGREEMENT, PINNACLE AND CITY HEREBY EXPRESSLY WAIVE ANY RIGHTS EITHER PARTY MAY HAVE TO A TRIAL BY JURY OF ANY CIVIL LITIGATION RELATED TO THIS AGREEMENT. IF A PARTY FAILS TO WITHDRAW A REQUEST FOR A JURY TRIAL IN A LAWSUIT ARISING OUT OF THIS AGREEMENT AFTER WRITTEN NOTICE BY THE OTHER PARTY OF VIOLATION OF THIS SECTION, THE PARTY MAKING THE REQUEST FOR JURY TRIAL SHALL BE LIABLE FOR THE REASONABLE ATTORNEYS' FEES AND COSTS OF THE OTHER PARTY IN CONTESTING THE REQUEST FOR JURY TRIAL, AND SUCH AMOUNTS SHALL BE AWARDED BY THE COURT IN ADJUDICATING THE MOTION.**

#### 14.20 PRIOR AGREEMENTS

This Agreement represents the final and complete understanding of the Parties regarding the subject matter hereof and supersedes all prior and contemporaneous negotiations and discussions regarding that subject matter. There is no commitment, agreement, or understanding concerning the subject matter of this Agreement that is not contained in this written document.

#### 14.21 PAYABLE INTEREST

14.21.1 Payment of Interest. CITY shall not be liable to pay any interest to PINNACLE for any reason, whether as prejudgment interest or for any other purpose, and in furtherance thereof PINNACLE waives, rejects, disclaims and surrenders any and all entitlement it has or may have to receive interest in connection with a dispute or claim arising from, related to, or in connection with this Agreement. This paragraph shall not apply to any claim for interest, including for post-judgment interest, if such application would be contrary to applicable law.

14.21.2 Rate of Interest. If, for whatever reason, the preceding subsection is determined to be invalid or unenforceable by a court of competent jurisdiction, the annual rate of interest payable by CITY under this Agreement, whether as prejudgment interest or for any other purpose,

shall be, to the full extent permissible under applicable law, 0.25% (one quarter of one percent) simple interest (uncompounded).

#### 14.22 INCORPORATION BY REFERENCE

Any and all Recital clauses stated above are true and correct and are incorporated herein by reference. The attached Exhibits "A" - "K" are incorporated into and made a part of this Agreement. The Rules and Regulations of HUD and any other HUD regulations addressed in this Agreement which are not specifically identified in the definition contained in Section 1.17 shall be deemed incorporated herein by reference.

#### 14.23 LEGAL PROVISIONS DEEMED INCLUDED

Each and every provision of any law and clause required by law to be inserted in this Agreement shall be deemed to be inserted herein, and this Agreement shall be read and enforced as though it were included herein and if, through mistake or otherwise, any such provision is not inserted or is not correctly inserted, then upon application of either party this Agreement shall forthwith be amended to make such insertion.

#### 14.24 SURVIVAL

Either party's right to monitor, evaluate, enforce, audit and review, any obligations to indemnify and insure, any assurances and certifications, and items of financial responsibility shall survive the expiration or earlier termination of this Agreement. Any provision of this Agreement which contains a restriction or requirement which extends beyond the date of termination or expiration set forth herein shall survive expiration or earlier termination of this Agreement and be enforceable.

#### 14.25 FURTHER ASSURANCE

The Parties shall execute, acknowledge, deliver, and cause to be done, executed, acknowledged, and delivered all such further documents and perform such acts as shall reasonably be requested of it to carry out this Agreement and give effect hereto. Accordingly, without in any manner limiting the specific rights and obligations set forth in this Agreement, the Parties intend to cooperate with each other in effecting the terms of this Agreement.

#### 14.26 TIME IS OF THE ESSENCE

Time shall be deemed to be of the essence in performing the duties, obligations, and responsibilities required by this Agreement.

#### 14.27 SPECIFIC PERFORMANCE

In addition to all other remedies, PINNACLE's obligations contained herein shall be subject to the remedy of specific performance by appropriate action commenced in a court of competent jurisdiction.

#### 14.28 FORCE MAJEURE

If the performance of this Agreement, or any obligation hereunder is prevented by reason of hurricane, earthquake, or other casualty caused by nature, or by labor strike, war, or by a law, order, proclamation, regulation, ordinance of any governmental agency, the party so affected, upon giving prompt notice to the other party, shall be excused from such performance to the extent of such prevention, provided that the party so affected shall first have taken reasonable steps to avoid and remove such cause of non-performance and shall continue to take reasonable steps to avoid and remove such cause, and shall promptly notify the other party in writing and resume performance hereunder whenever such causes are removed; provided, however, that if such non-performance exceeds 60 days, the party that is not prevented from performance by the force majeure event shall have the right to terminate this Agreement upon written notice to the party so affected. This Section shall not supersede or prevent the exercise of any right the Parties may otherwise have to terminate this Agreement.

#### 14.29 CITY BUSINESS ENTERPRISE PROGRAM

Although this Agreement does NOT have assigned CBE goals, PINNACLE shall take all necessary affirmative steps to utilize minority-business enterprises, and women's business enterprises, whenever possible, in the procurement of property and services consistent with the provisions set forth in 24 CFR Section 92.351(b).

#### 14.30 USE OF CITY LOGO

PINNACLE shall not use CITY's name, logo, or otherwise refer to this Agreement in any marketing or publicity materials without the prior written consent of CITY.

#### 14.31 REPRESENTATION OF AUTHORITY

Each individual executing this Agreement on behalf of a party hereto hereby represents and warrants that he or she is, on the date he or she signs this Agreement, duly authorized by all necessary and appropriate action to execute this Agreement on behalf of such party and does so with full legal authority.

#### 14.32 DESIGNATED REPRESENTATIVE

PINNACLE's Designated Representative under this Agreement is PINNACLE's Vice President of the General Partner, David O. Deutch.

#### 14.33 COUNTERPARTS AND MULTIPLE ORIGINALS

This Agreement may be executed in multiple originals, and may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

#### 14.34 NON-DISCRIMINATION

PINNACLE shall not discriminate against any person or family on the grounds of race, color, national origin, age, sex, religion, sexual orientation, family status, handicap, nor against persons or families on the basis of their having minor children; except when units are specifically being held for the elderly as contemplated by the Declarations. PINNACLE further agrees to meet the equal opportunity and fair housing requirements as set forth in 24 CFR Section 92.350.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement on the day and year first above written: CITY OF HOLLYWOOD through its CITY COMMISSION, signing by and through its Mayor, authorized to execute same by commission action on the \_\_\_\_day of\_\_\_\_\_, 2018, and PINNACLE AT PEACEFIELD, LTD. signing by and through its V.P. of General Partner duly authorized to execute same.

CITY OF HOLLYWOOD, a municipal  
corporation of the State of Florida

BY: \_\_\_\_\_  
JOSH LEVY, MAYOR

ATTEST:

DATE: \_\_\_\_\_

\_\_\_\_\_  
PATRICIA A. CERNY, MMC  
CITY CLERK

APPROVED BY:

\_\_\_\_\_  
CINTYA RAMOS, DIRECTOR  
DEPARTMENT OF FINANCIAL  
SERVICES

APPROVED AS TO FORM & LEGAL  
SUFFICIENCY FOR THE USE AND RELIANCE  
OF THE CITY OF HOLLYWOOD, FLORIDA, ONLY.

\_\_\_\_\_  
DOUGLAS R. GONZALES, CITY ATTORNEY

PINNACLE

WITNESSES

PINNACLE AT PEACEFIELD, LTD., a  
Florida limited partnership

\_\_\_\_\_  
Signature

By: PHG-Peacefield, LLC, a Florida  
limited liability company, its general  
partner

\_\_\_\_\_  
Print Name

By: \_\_\_\_\_  
David O. Deutch, Vice President

\_\_\_\_\_  
Signature

Date: \_\_\_\_\_

\_\_\_\_\_  
Print Name

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) SS.

I, the undersigned, a Notary Public, in and for said County in said state, hereby certify that David O. Deutch, the Vice President of PHG - Peacefield, LLC, a Florida limited liability company, which is the general partner of PINNACLE AT PEACEFIELD, LTD., a Florida limited partnership, personally appeared before me and is known to me to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as the act of said limited liability company and limited partnership.

IN TESTIMONY WHEREOF, on this \_\_\_\_\_ day of \_\_\_\_\_, 2018,  
I have hereunto set my hand and affixed my official seal in the County and State aforesaid.

[NOTARIAL SEAL]

\_\_\_\_\_  
Notary Public \_\_\_\_\_

My commission expires:



**EXHIBIT "A"**  
**PROJECT DESCRIPTION AND SCOPE OF SERVICES**

The overall project will consist of 120 Senior Affordable Housing Rental Units. Five of these units shall be HOME-assisted units.

The total NSP-1 project funding is \$350,000.00. The total HOME project funding is \$84,000.00 from Fiscal Year 2016/2017. The total CITY Remaining Loan Funding for the project is \$144,000.00.

The total amount of \$ 578,000.00 shall be used by PINNACLE for allowable expenditures, subject to the terms and conditions of the agreement and applicable laws, rules, and regulates. In accordance with 24 CFR 92.503(c) recaptured funds shall be returned to the City.

**Impact/Target Area:** The south side of Adams Street in Census Tract 918.01 Block Group 1. Legally described as:

All of Lots 13 Through 17 and Lots 19 Through 21, Block 1, Amended Plat of Hollywood Little Ranches, according to the Plat thereof, as recorded In Plat Book 1, on Page 26 of the Public Records of Broward County, Florida.

Together with:

All of Lots 9 through 19, W.B. Symmes Subdivision, according to the plat thereof, as Recorded In Plat Book 7, on page 7 of the Public Records Of Broward County, Florida.

Also together with:

The West 330.00 feet of Lots 4 and 5, Block M, amended plat of Hollywood Little Ranches, according to the Plat thereof, as recorded in Plat Book 1, on Page 26 of the Public Records of Broward County, Florida.

Said lands situate, lying and being in The City of Hollywood, Broward County, Florida containing 241,550 Square Feet (5.54 Acres) more or less.

**Target Group:** The NSP-1-assisted units target seniors whose income does not exceed 60% of the Area Median Income. The HOME-assisted units shall be targeted to seniors whose income does not exceed 50% of the Area Median Income. The remainder of the units shall be targeted towards seniors with incomes that do not exceed 60% of the Area Median Income.

**Program Description:**

“Pinnacle at Peacefield” – Pinnacle at Peacefield is a 120 unit, multi-family development, providing affordable rental housing for seniors. The project consists of three separate parcels (Site-1, Site-2, and Site-3), each parcel will feature a three-story multi-family building, associated parking, landscaping and common recreational and activity elements. Each building will feature two unit types with either 686 square foot one-bedroom floor plans or 922 square foot two-bedroom floor plans. The unit breakdown is as follows:

- One-Bedroom Units – 72
- Two-Bedroom Units – 48

The development is financed utilizing Low-Income Housing Tax Credits allocated by the Florida Housing Finance Corporation, together with HOME funds and NSP-1 funds allocated by the City of Hollywood. The development shall be income- and use-restricted for a period of 50 years under an extended low-income housing agreement in connection with the allocation of the Tax Credits. The Affordability Period under the Declarations to be entered into under this Agreement shall be 30 years from Project Completion. The income restriction breakdown is as follows:

Income Limitation	One Bedroom	Two Bedroom
Very-Low Income	8	4
Low-Income	64	44

The development will include five HOME-assisted rental units that shall be limited to renters at or below 50% of the Area Median Income. The HOME-assisted unit breakdown is as follows:

Income Limitation	One Bedroom	Two Bedroom
Very-Low Income	1	4

Project amenities include an open space area for active and passive recreation, parking and green space. Each site will feature a two-way internal road around the building with surface parking.

**Recapture (NSP Funds):** The NSP Funds are provided at zero percent interest as a deferred payment loan. The loan is a recourse loan and non-amortizing with a term of 32 years. At maturity, PINNACLE shall repay the loan balance in full; however, the City at its sole discretion, and pursuant to 24 CFR Section 92.201(a), may forgive the loan, as allowed and specified in Section 4 of the Promissory Note. The units must meet the affordability requirements for Household Incomes that do not exceed 60% AMI. To ensure adherence, PINNACLE shall execute the NSP Declaration securing the NSP Funds until the end of the Affordability Period of no less than 20 years under 24 CFR Section 92.252(e)(4) *“New Construction or acquisition of newly constructed housing”*.

**Recapture (HOME Funds):** The HOME Funds are provided at zero percent interest as a deferred payment loan. The loan is a recourse loan and non-amortizing with a term that is 32 years. At maturity, PINNACLE shall repay the loan balance in full; however, the City at its sole discretion, and pursuant to 24 CFR Section 92.201(a), may forgive the loan, as allowed and specified in Section 4 of the Promissory Note. The HOME-assisted units must meet the affordability requirements for “Low HOME Rents” at 24 CFR 92.252(b) (1). To ensure adherence to this regulation, PINNACLE shall execute the HOME Declaration securing the HOME Funds until the end of the Affordability Period of no less than 20 years under 24 CFR 92.252 (e)(4) *“New Construction or acquisition of newly constructed housing”*.

**Recapture of CITY Remaining Loan Funds:** The City’s Remaining Loan Funds are provided at a zero percent interest as a deferred payment loan. The loan is a recourse loan and non-amortizing with a term that is 32 years. At maturity, PINNACLE shall repay the loan balance in full; however, the CITY at its sole discretion may forgive the loan, as allowed and specified in Section 4 of the Promissory Note.

**Program Evaluation:** Program evaluation and success will be based on the construction of (i) 120 Senior Housing Rental Units affordable to households at 60% AMI or less (as to NSP-1), and (ii) 5 HOME-assisted units affordable to households at 50 AMI or less (as to HOME).

#### **Project Work Tasks**

- Site Planning
- Site Preparation
- Obtain Architectural Plans & Drawings
- Prepare Construction Bid (Optional)
- Advertise for Bids (Optional)
- Identify Potential Renters
- Manage Construction Contract
- Pull Permits
- Start Construction
- Monitor Construction
- Complete Construction
- Obtain Final Inspections
- Conduct Walk-through

PINNACLE’s general contractor will cooperate with and forward any referrals from the City’s designated CHDO job training program to the appropriate subcontractors for possible employment opportunities during the course of the Project.

Within 90 days after the recording of the notice of commencement of construction, PINNACLE will conduct a “job fair” on the development site or at an alternate suitable location, where representatives of the general contractor’s major trades will accept applicants for employment from participants in the city’s sponsored job training programs

(via the City's CHDO) or any other prospective applicants. Not less than 15 days' notice of the job fair will be provided to the City and outlets as suggested by the City.

**Legal Description**

All of Lots 13 Through 17 and Lots 19 Through 21, Block 1, Amended Plat of Hollywood Little Ranches, according to the Plat thereof, as recorded In Plat Book 1, on Page 26 of the Public Records of Broward County, Florida.

Together with:

All of Lots 9 through 19, W.B. Symmes Subdivision, according to the plat thereof, as Recorded In Plat Book 7, on page 7 of the Public Records Of Broward County, Florida.

Also together with:

The West 330.00 feet of Lots 4 and 5, Block M, amended plat of Hollywood Little Ranches, according to the Plat thereof, as recorded in Plat Book 1, on Page 26 of the Public Records of Broward County, Florida.

Said lands situate, lying and being in The City of Hollywood, Broward County, Florida containing 241,550 Square Feet (5.54 Acres) more or less.

**EXHIBIT "B"**  
**COSTS/BUDGET FOR PROJECT**

**PINNACLE AT PEACEFIELD**

Itemized Costs	Total Cost	HOME NSP-1	City Remaining Loan Funds	Source A Loan	Source B Tax Credit	Source D Def. Fees	Source E Other
A. Acquisition Cost							
1. Land	2,100,000				2,100,000		
2. Existing Structures							
3. Other							
B. Site Work							
1. Site Work (not included in construction contract costs)							
2. Other							
C. Construction/Rehabilitation (Construction contract costs)							
1. Site Work	950,000				950,000		
2. New Building	17,822,185			3,500,000	14,322,185		
3. Rehabilitation							
D. Architectural and Engineering Fees							
1. Architect Fee-Design	500,000				125,000		375,000
2. Architect Fee-Supervision	50,000				50,000		
3. Consultant or Processing Agent	0				0		
4. Engineering Fees	437,000				312,000		125,000
5. Other (inspection fees, soft cost contingency, green cert fees)	307,133				307,133		
E. Other Owner Costs							
1. Appraisal	15,500				15,500		
2. Building Permits	492,510	73,503			419,007		
3. Tap Fees	447,452	135,497	144,000		167,955		
4. Soil Borings/Environmental Survey	50,000				50,000		
5. Real Estate Attorney (incl. in title)							
6. Construction Loan Legal	292,950				292,950		
7. Title and Recording	140,000				140,000		
8. Impact Fees	225,000	225,000			0		
9. Accounting Fees	75,000				75,000		
10. LIHTC Fees	505,946				505,946		
F. Interim Costs							
1. Construction Insurance	210,600				210,600		
2. Construction Interest	1,136,831				1,136,831		
3. Const. Loan Origination Fee	239,300				239,300		
G. Permanent Financing Fees/Expen.							
1. Credit Report							
2. Perm Loan Origination Fee	239,300				239,300		
3. Title and Recording	60,000				60,000		
4. Counsel's Fee	125,550				125,550		
H. Developer's Fees	3,209,429			0	1,733,038	1,476,391	
I. Project Reserves							
1. Rent-Up Reserves							
2. Operating Reserve & Repl. Reserve Capitaliz	0				0		
J. Tenant Relocation	0				0		
K. Project Administration/Management							
1. Marketing /Management	62,500				62,500		
2. Operating Expenses	62,500				62,500		
3. Taxes	168,660				168,660		
4. Insurance -- permanent	72,000				72,000		
L. TOTAL	29,997,346	434,000	144,000	3,500,000	23,942,955	1,476,391	500,000

## EXHIBIT "C"

### TIMETABLE/SCHEDULE FOR PROJECT

#### Pinnacle at Peacefield

#### Critical Path Schedule

<i>Event</i>	<i>Date</i>
Housing Tax Credit Award Notice	9/27/2017
Housing Credit Carryover Agreement	12/13/2017
City of Hollywood TAC submittal	2/5/2018
100% Design Development plans	4/17/2018
PDB Final Site Plan Approval	5/10/2018
Drainage and Utility Permit Submittal	6/1/2018
90% Construction Documents Complete	7/6/2018
Building Permit Submittal	7/23/2018
GC Contract Negotiation and Bidding Complete	10/8/2018
Development "Permit-Ready"	10/30/2018
FHFC Credit Underwriting Approved	11/9/2018
100% Construction Plans	11/9/2018
Closing on Land	11/29/2018
Closing on Debt and Equity	11/29/2018
Closing on HOME and Other City Loan funds	11/29/2018
Notice of Commencement Issued	12/4/2018
Construction Commencement	1/7/2019
Lease-Up Commencement	8/1/2019
First Building Delivered (C of O or TCO issued)	12/15/2019
Second Building Delivered (C of O or TCO issued)	2/28/2020
Third Building Delivered (C of O or TCO issued)	2/28/2020
Substantial Completion	2/28/2020
Lease-Up Complete	9/1/2020
Conversion to Permanent Debt	4/1/2021

This instrument prepared by, and after recording  
return to:

\_\_\_\_\_

**EXHIBIT "D"**  
**[delete before recordation]**

**HOME MORTGAGE**

CITY COMMISSION OF CITY OF HOLLYWOOD  
BROWARD COUNTY, FLORIDA

This Mortgage to secure HOME Investment Partnership ("HOME") Program financing, ("Mortgage") is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by PINNACLE AT PEACEFIELD, LTD., a Florida limited partnership ("Mortgagor"), in favor of THE CITY OF HOLLYWOOD, a municipal corporation of the State of Florida ("Mortgagee"), collectively referred to as the "Parties."

WHEREAS, Mortgagor is indebted to Mortgagee in the principal sum of Eighty-Four Thousand and 00/100 Dollars (\$84,000.00) in HOME Funds; which indebtedness is evidenced by Mortgagor's Promissory Note dated of even date herewith ("Promissory Note"), providing a deferred payment loan, hereinafter referred to as the ("Loan"), due and payable at the end of the thirty-two (32) year term of the Loan; NOW, THEREFORE,

To secure to Mortgagee (a) the payment of the Loan, and all extensions and modifications of the Promissory Note, (b) the performance of Mortgagor's covenants under this Mortgage and the Promissory Note, attached hereto as Attachment "A," (c) compliance with the terms of the Agreement executed by CITY and Mortgagor on \_\_\_\_ day of \_\_\_\_\_, 20\_\_, incorporated herein by reference ("Funding Agreement"), and the execution of a Declaration of Restrictive Covenants ("Declaration"), in the form attached to the Funding Agreement as Exhibit "D-1"; (the Declaration, the Promissory Note, this Mortgage, the Funding Agreement, and all other documents evidencing and/or securing the Loan being hereinafter referred to as the "Loan Documents"). Mortgagor mortgages, grants, and conveys to Mortgagee the Mortgagor's leasehold interest in the property described in Attachment "A," located in Broward County, Florida, together with all improvements now or later erected on the property, and all easements, rights, appurtenances, rents, and all fixtures now or later attached to the property, all of which, including replacements and additions, shall be deemed to be and remain a part of the property covered by this Mortgage, and all of the foregoing shall constitute and refer to the "Property."

Mortgagor covenants that Mortgagor is lawfully seized of the estate conveyed and has the right to mortgage, grant, and convey the Property and that the Property is unencumbered, except for encumbrances of record. Mortgagor warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

This Mortgage is expressly made subject and subordinate to the terms and conditions specified in that certain Mortgage, Assignment of Rents and Leases, Security Agreement, and Fixture Filing from Mortgagor to \_\_\_\_\_ ("First Mortgagee"), dated \_\_\_\_\_, recorded \_\_\_\_\_, in the Official Records Book \_\_\_\_\_, Page \_\_\_\_\_ of the Public Records of Broward CITY, Florida ("First Mortgage"), securing that certain Promissory Note having an original principal face amount of \_\_\_\_\_ and 00/100 Dollars (\$00,000), dated \_\_\_\_\_ ("First Note"), made by Mortgagor payable to the First Mortgagee.

**UNIFORM COVENANTS.** The Parties covenant and agree as follows:

1. **Payment of Promissory Note.** Mortgagor shall pay when due all amounts evidenced by the Promissory Note. Payment due under the Promissory Note and this Mortgage shall be made in U.S. currency. However, if any check or other instrument received by Mortgagee as payment under the Note or this Mortgage is returned to Mortgagee unpaid, Mortgagee may require that any or all subsequent payments due under the Promissory Note and this Mortgage be made in one or more of the following forms, as selected by Mortgagee: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check, or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) electronic funds transfer.

Payments are deemed received by Mortgagee when received at the location designated in the Promissory Note or at such other location as may be designated by Mortgagee in accordance with the notice provision. Mortgagee may return any payment or partial payment if the payment or partial payments are insufficient to bring the Loan current. Mortgagee may accept any payment or partial payment insufficient to bring the Loan current, without waiver of any rights or prejudice to its rights to refuse such payment or partial payments in the future, but Mortgagee is not obligated to apply such payments at the time such payments are accepted.

2. **Charges; Liens.** Mortgagor shall pay all taxes, assessments, and other charges, fines, and impositions attributable to the Property which may attain a priority over this Mortgage. Mortgagor shall promptly furnish to Mortgagee receipts, or other such documents acceptable to Mortgagee, evidencing such payments.

Mortgagor shall not voluntarily create, or permit or suffer to be created or to exist, on or against the mortgaged property, or any part, any lien superior to the lien of this Mortgage, exclusive of the lien or liens, if any to which this Mortgage is expressly subject as set forth above.

3. **Hazard Insurance.** Mortgagor shall keep the improvements now existing or later erected on the Property insured against loss by fire and such other hazards included within the term "extended coverage," and any other hazards, including, but not limited to, earthquakes, floods, for which insurance is required and as Mortgagee may require, in such amounts and for such periods as Mortgagee may require; provided, that Mortgagee shall not require that the amount of such coverage exceed that amount of coverage required to pay the sums secured by this Mortgage.

Unless otherwise required by Mortgagee, all such insurance shall be affected by Standard Fire and Extended Coverage Insurance policies, in amounts not less than necessary to comply with the coinsurance clause percentage of the value applicable to the location and character of the Property to be covered. All such insurance shall be provided by companies approved by Mortgagee, and all policies therefore shall be in such form and shall have attached loss payable clauses in favor of Mortgagee and any other party as shall be satisfactory to Mortgagee. The insurance carrier providing the insurance shall be chosen by Mortgagor, subject to Mortgagee's approval; provided that such approval shall not be unreasonably withheld.

All insurance policies, endorsements and renewals shall be in a form acceptable to Mortgagee and shall include a standard mortgage clause in favor of and in a form acceptable to Mortgagee. Mortgagor shall promptly furnish to Mortgagee all renewal notices and all receipts of paid premiums. In the event of loss, Mortgagor shall give prompt notice to the insurance carrier and Mortgagee, and Mortgagee may make proof of loss if not made promptly by Mortgagor.

Unless the Parties otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided such restoration or repair is economically feasible and the security of this Mortgage is not impaired. If such restoration or repair is not economically feasible or if the security of this Mortgage would be impaired, the insurance proceeds shall be applied to the sums secured by this Mortgage, with the excess, if any, paid to Mortgagor. If the Property is abandoned by Mortgagor or if Mortgagor fails to respond to Mortgagee within thirty (30) days after notice by Mortgagee to Mortgagor



that the insurance carrier offers to settle a claim for insurance benefits, Mortgagee is authorized to collect and apply insurance proceeds at Mortgagee's option either to restoration or repair of the Property or to the sums secured by this Mortgage.

During such repair and restoration period, Mortgagee shall have the right to hold such insurance proceeds until Mortgagee has had an opportunity to inspect such Property to ensure the work has been completed to Mortgagee's satisfaction, provided that such inspection shall be undertaken promptly.

If the Property is acquired by Mortgagee, all right, title, and interest of Mortgagor in and to any insurance policies and in and to the proceeds (to the extent of the sums secured by this Mortgage immediately prior to such sale or acquisition) resulting from damage to the Property prior to the sale or acquisition shall pass to Mortgagee.

**4. Preservation and Maintenance of Property.** Mortgagor shall keep the Property in good repair and shall not permit or commit waste, impairment, or deterioration of the Property, and will promptly comply with all the requirements of federal, state, and local governments pertaining to such Property or any part thereof. No building or other structure or improvement, fixture, or personal property mortgaged shall be removed or demolished without the written consent of Mortgagee. Mortgagor shall not make, permit, or suffer any alteration or addition to any building or other structure or improvement now or which may later be erected or installed upon the Property, or any portion thereof, nor will Mortgagor use or permit the use of, any portion of the Property for any purpose other than the purpose(s) for which the same is now intended to be used, without the prior written consent of Mortgagee.

Mortgagee, or its agent, may reasonably enter upon and inspect the Property. If it has reasonable cause, Mortgagee may inspect the interior of the Property, including improvements, if applicable. Mortgagee shall give Mortgagor notice at the time of or prior to such an interior inspection specifying such reasonable cause.

**5. Protection of Mortgagee's Security.** Mortgagee may, at its option, upon notice to Mortgagor, make such appearances, disburse such sums, and take such action as is necessary to protect Mortgagee's interest, if Mortgagor fails to perform the covenants or agreements contained in this Mortgage or the Funding Agreement, or if any action or proceeding is commenced which materially affects Mortgagee's interests in the Property including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankruptcy.

**6. Promissory Note Due.** The total amount of the Promissory Note shall become due at the sole option of Mortgagee: (a) if Mortgagor fails to pay any principal, interest or other amount due as and when required under the Note; or (b) after Mortgagor's failure to demonstrate to Mortgagee, within ten (10) calendar days after demand, receipts showing payment of all taxes, water rates, sewer rates, and assessments; or (c) after the actual or threatened alteration, demolition, or removal of any building on the Property without the written consent of Mortgagee; or (d) after the transfer or assignment of the Property or, any part thereof, without the written consent of Mortgagee; or (e) if the buildings on the Property are not maintained in reasonably good repair after Mortgagor is given notice and demand to cure within a reasonable time as determined by Mortgagee under the circumstances; or (f) after failure to comply with any requirement or order or notice of violation of law or ordinance issued by any governmental entity with jurisdiction over the Property upon notice of said failure by Mortgagee and failure to comply with thirty (30) calendar days of notice by Mortgagee; or (g) in the event of the removal, demolition, or destruction, in whole or in part, of any of the fixtures, chattels, or articles of personal property covered, unless the same are promptly replaced by similar fixtures, chattels, and articles of personal property at least equal in quality and condition to those replaced, free from chattel mortgages or other encumbrances and free from any reservation of title; or (h) the commencement by Borrower of a voluntary case under the United States Bankruptcy Code or any federal or state law relating to bankruptcy, insolvency, reorganization, readjustment of debt liquidation or similar proceeding ("Insolvency Laws"), the acknowledgement in writing by Borrower that it is unable to pay its debts generally as they mature, the making by Borrower of a general assignment for the benefit of creditors, the commencement of an involuntary case against Borrower under any Insolvency Laws which is not dismissed within 90 days of filing or the appointment of a receiver,

liquidator, custodian or trustee or similar officer who exercises control over Borrower or substantially all of Borrower's assets who is not discharged or dismissed within 90 days of such appointment; or (i) failure of the Mortgagor to perform, after giving effect to any applicable notice and/or cure period, any covenant, term or condition in any instrument creating a lien upon the Property or any part thereof, which shall have priority over the lien of this Mortgage; or (j) if Mortgagor fails to maintain, observe, and perform any of the other covenants, conditions, or agreements contained in this Mortgage or the Funding Agreement after Mortgagor is given notice and a demand to cure as provided in Paragraph 16.

7. **Actions or Proceedings Commenced.** If any action or proceeding is commenced (except an action to foreclose this Mortgage or to collect the debt secured by this Mortgage), to which action or proceeding Mortgagee is made a party, or in which it becomes necessary to defend or uphold the lien of this Mortgage, all sums paid by Mortgagee for the expense of any litigation to prosecute or defend the rights and lien created by this Mortgage (including reasonable attorneys' fees), shall be paid by Mortgagor, together with interest at the statutory rate per annum, and any such sum including the related interest shall be a lien on the Property, prior to any right, or title to, interest in or claim upon the Property attaching or accruing subsequent to the lien of this Mortgage, and shall be deemed to be secured by this Mortgage. In any action or proceeding to foreclose this Mortgage, or to recover or collect the debt secured by this Mortgage, the provisions of law relating to the recovery of costs, disbursements, and allowances shall prevail unaffected by this covenant.

8. **Mortgagor's Applications.** Mortgagor shall be in default if, during the Loan application process, Mortgagor or any persons or entities acting at the direction of Mortgagor or with Mortgagor's knowledge or consent, gives materially false, misleading, or inaccurate information or statements to Mortgagee (or failed to provide Mortgagee with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning occupancy of the Property by Income Eligible Households as set forth in the Funding Agreement.

9. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or any part thereof, or for conveyance in lieu of condemnation, are assigned and shall be paid to Mortgagee. The proceeds referred to in this paragraph shall be applied to the sums secured by this Mortgage with the excess, if any, paid to Mortgagor. If the Property is abandoned by Mortgagor, or if, after notice by Mortgagee to Mortgagor that the condemnor offers to make an award or settle a claim for damages, Mortgagor fails to respond to Mortgagee within thirty (30) days after the date the notice is mailed, Mortgagee is authorized to collect and apply the proceeds, at Mortgagee's option, either to restoration or repair of the Property, to the sums secured by this Mortgage.

10. **Mortgagor Not Released; Forbearance by Mortgagee Not a Waiver.** Extension of time for payment, modification, or amortization of the sums secured by this Mortgage granted by Mortgagee to any successor in interest of Mortgagor shall not operate to release, in any manner, the liability of the original Mortgagor and Mortgagor's successor in interest. Mortgagee shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Mortgage by reason of any demand made by the original Mortgagor and Mortgagor's successors in interest. Any forbearance by Mortgagee for exercising any right or remedy, including, without limitation, Mortgagee's acceptance of payments from third persons, entities, or successors in interest or in amounts less than the amount then due, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any right or remedy.

11. **Remedies Cumulative.** All remedies provided in this Mortgage are distinct and cumulative to any other right or remedy under this Mortgage or afforded by law or equity, and may be exercised concurrently, independently, or successively.

12. **Joint and Several Liability; Successors and Assigns Bound; Captions.** Mortgagor covenants and agrees that Mortgagor's obligations and liability shall be joint and several. Any successor in interest of Mortgagor who assumes Mortgagor's obligations under this Mortgage in writing, and is approved by Mortgagee, shall obtain all of Mortgagor's rights and benefits under this Mortgage. Mortgagor

shall not be released from Mortgagor's obligations and liability under this Mortgage, unless Mortgagee agrees to such release in writing. The covenants and agreements of this Mortgage shall bind and benefit the successors and assigns of Mortgagee. The captions and headings of the paragraphs of this Mortgage are for convenience only and are not to be used to interpret or define any specific provision.

13. **Notice.** All notices given by Mortgagor or Mortgagee in connection with this Mortgage must be in writing. Any notice to Mortgagor in connection with this Mortgage shall be deemed to have been given to Mortgagor when mailed by first class mail or when actually delivered to Mortgagor's notice address if sent by other means. The notice address shall be the Property address unless Mortgagor has designated a substitute notice address by notice to Mortgagee. Mortgagor shall promptly notify Mortgagee of Mortgagor's change of address. If Mortgagee specifies a procedure for reporting Mortgagor's change of address, then Mortgagor shall only report a change of address through that specified procedure. There may be only one designated notice address under this Mortgage at any one time. Any notice to Mortgagee shall be given by delivering it or by mailing it by first class mail to Mortgagee's address unless Mortgagee has designated another address by notice to Mortgagor. Any notice in connection with this Mortgage shall not be deemed to have been given to Mortgagee until actually received by Mortgagee. If any notice required by this Mortgage is also required under Florida law, the Florida law requirement will satisfy the corresponding requirement under this Mortgage.

14. **Governing Law; Severability; Rules of Construction.** This Mortgage shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Mortgage are subject to any requirements and limitations of Florida law. Florida law might explicitly or implicitly allow the Parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Mortgage or the Promissory Note conflicts with Florida law, such conflict shall not affect other provisions of this Mortgage or the Promissory Note which can be given effect without the conflicting provision, and to this end the provisions of this Mortgage and the Promissory Note are declared to be severable.

As used in this Mortgage: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

15. **Transfer of the Property; Assumption.** No part of the Property or any interest in the Property shall be sold or transferred by Mortgagor without Mortgagee's consent consistent with Paragraph 21. If Mortgagor sells or transfers any interest or part in the Property without Mortgagee's consent, the sums secured by this Mortgage shall become immediately due and payable. If the amount becomes due and payable, Mortgagee shall mail Mortgagor notice of acceleration. Such Notice shall provide a period of not less than thirty (30) days from the date the notice is received by Mortgagor, for Mortgagor to pay the sums declared due. If Mortgagor fails to pay such sums prior to the expiration of such period, Mortgagee may without further notice or demand on Mortgagor, invoke any available legal remedies.

**NONUNIFORM COVENANTS.** Mortgagor and Mortgagee further covenant and agree as follows:

16. **Acceleration; Remedies.** Upon Mortgagor's breach of any covenant in this Mortgage, the HOME Funding Agreement referenced above or the Promissory Note, including the covenants to pay, when due, any sums secured by this Mortgage shall be accelerated. Mortgagee shall, prior to acceleration, mail notice to Mortgagor as provided in Paragraph 13 identifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than thirty (30) days from the date the notice is received by Mortgagor, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in any action in law or equity, as Mortgagee determines to be most effectual to enforce Mortgagor's obligations, including an action for specific performance, acceleration of the sums secured by this Mortgage, foreclosure by judicial proceeding, and sale of the Property. If the breach is not cured on or before the date specified in the notice, Mortgagee at its option may declare all the sums secured by this Mortgage to be immediately due and payable without further demand and may foreclose this Mortgage by judicial proceeding. Mortgagee shall be entitled to collect in such proceeding all expenses of

foreclosure including, but not limited to, reasonable attorney's fees, court costs, costs of documentary evidence, abstracts, and title reports.

17. **Mortgagor's Right to Reinstate.** Notwithstanding Mortgagee's right to acceleration of the sums secured by this Mortgage, Mortgagor shall have the right to have any proceedings begun by Mortgagee to enforce this Mortgage discontinued at any time prior to an entry of a judgment enforcing this Mortgage if: (a) Mortgagor pays Mortgagee all sums which would be then due under this Mortgage had no acceleration occurred; (b) Mortgagor cures all breaches under this Mortgage including the Funding Agreement; (c) Mortgagor pays all reasonable expenses incurred by Mortgagee in enforcing the covenants and agreements of Mortgagor contained in this Mortgage and the Funding Agreement including, but not limited to, attorney's fees; and (d) Mortgagor takes such action as Mortgagee may reasonably require to ensure that the lien of this Mortgage, Mortgagee's interest in the Property, and Mortgagor's obligation to pay the sums secured by this Mortgage and comply with the terms of the Funding Agreement shall remain in full force and effect.

18. **Default.** After the happening of any default, Mortgagor shall, upon demand of Mortgagee, surrender possession of the Property to Mortgagee, and Mortgagee may enter such property, and let the same, and collect all rents which are due or to become due, and apply the same, after payment of all charges and expenses on account of indebtedness secured by this Mortgage, and all such rents and all leases existing at the time of such default are assigned to Mortgagee as further security for the payment of the indebtedness secured, and Mortgagee may also dispossess, by the usual summary proceedings, any tenant defaulting in the payment of any rent to Mortgagee.

19. **Appointment of a Receiver.** In any action to foreclose this Mortgage, Mortgagee shall be entitled to the appointment of a receiver without notice, as a matter of right and without regard to the value of the Property, or the solvency or insolvency of Mortgagor or other party liable for the payment of the Promissory Note and other indebtedness secured by this Mortgage.

20. **Occupancy.** Mortgagor agrees and understands that the HOME funding is being loaned by Mortgagee to increase the availability of affordable multi-family residential rental units by complementing and expanding existing low income housing initiatives to reduce the cost of housing for Income Eligible Households. As a result, Mortgagor agrees to construct and use the Property as required by the rules and regulations of the United States Department of Housing and Urban Development for the HOME Investment Partnerships ("HOME") Program, and to ensure that all occupants of the HOME-assisted units are qualified as Income Eligible Households. HOME-assisted units shall mean the unit(s) that can receive HOME Funds based on required subsidy limits as set forth in 24 CFR Section 92.250, Subpart F. The term Income Eligible Households shall refer to a household, as defined in 24 CFR Section 92.2, consisting of a family, as defined in 24 CFR Section 5.403, with an annual anticipated gross income that does not exceed fifty percent (50%) of the median annual income for the area, as determined by HUD, with adjustments for family size for households within the metropolitan statistical area for CITY, or the non-metropolitan median for the State, whichever is greater.

21. **Transfer of the Property or a Beneficial Interest in Mortgagor.** "Interest in the Property" means any legal or beneficial interest in the Property including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Mortgagor at a future date to a purchaser.

If all or any part of the Property or any interest in the Property is sold or transferred without Mortgagee's prior written consent, Mortgagee shall require immediate payment in full of all sums secured by this Mortgage. However, this option shall not be exercised by Mortgagee if such exercise is prohibited by federal and state law.

If Mortgagee exercises this option, Mortgagee shall give Mortgagor notice of acceleration. The notice shall provide a period of not less than thirty (30) days from the date the notice is given in accordance with Paragraph 13 within which Mortgagor must pay all sums secured by this Mortgage. If Mortgagor fails

to pay these sums prior to the expiration of this period, Mortgagee may invoke any remedies permitted by this Mortgage without further notice or demand on Mortgagor.

This Mortgage and all the covenants, terms and conditions herein contained shall be binding upon and inure to the benefit of the Mortgagor and the heirs, legal representatives and assigns of the Mortgagor, and to the extent permitted by law, every subsequent owner of the Mortgaged Property, and shall be binding and inure to the benefit of the Mortgagee and its assigns. If the Mortgagor, as defined herein, consists of two or more parties, this Mortgage shall constitute a grant and mortgage by all of them jointly and severally, and they shall be obligated jointly and severally under all the provisions hereof and under the Note. The word "Mortgagee" shall include any person, corporation, or other party who may from time to time be the holder of this Mortgage. Wherever used herein, the singular number shall include the plural, the plural number shall include the singular, and the use of any gender shall be applicable to all genders wherever the sense requires.

**22. Mortgagor's Right to Reinstate After Acceleration.** If Mortgagor meets certain conditions set forth below, Mortgagor shall have the right to have enforcement of this Mortgage discontinued at any time prior to the earliest of (a) five (5) days before sale of the Property pursuant to any power of sale contained in this Mortgage; (b) such other period as federal and state law might specify for the termination of Mortgagor's right to reinstate; or (c) entry of a judgment enforcing this Mortgage. Such conditions require that Mortgagor (a) pays Mortgagee all sums due under this Mortgage and the Promissory Note as if no acceleration had occurred (b) cures any default of any other covenants of agreements; (c) pays all expenses incurred in enforcing this Mortgage including, but not limited to, reasonable attorneys' fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Mortgagee's interest in the Property and rights under this Mortgage; and (d) takes such action as Mortgagee may reasonably require to assure that Mortgagee's interest in the Property and rights under this Mortgage, and Mortgagor's obligation to pay the sums secured by this Mortgage, shall continue unchanged. Mortgagee may require that Mortgagor pay such reinstatement sums and expenses in one or more of the following forms, as selected by Mortgagee: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check, or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, secured instrument, and obligations shall remain fully effective as if no acceleration had occurred.

Neither Mortgagor nor Mortgagee may commence, join, or be joined in any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Mortgage, or that alleges that the other party has breached any provision of, or any duty owed, by reason of this Mortgage, until such Mortgagor or Mortgagee has notified the other party of such alleged breach and afforded the other party a reasonable period after providing such notice to take corrective action. If Florida law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph.

**23. Hazardous Substances.** As used in this Section: (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (b) "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety, or environmental protection; (c) "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law; and (d) an "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

Mortgagor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Mortgagor shall not, nor permit anyone else to do anything affecting the Property (a) that is in violation of any Environmental Law, (b) which creates an Environmental Condition, or (c) which, due to the presence, use, or release of a Hazardous Substance, creates a condition that adversely affects the value of the Property. The preceding two (2) sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal

residential uses and to maintenance of the Property (including, but not limited to, hazardous substances in consumer products).

Mortgagor shall promptly give Mortgagee written notice of (a) any investigation, claim, demand, lawsuit, or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Mortgagor has actual knowledge, (b) any Environmental Condition including, but not limited to, any spilling, leaking, discharge, release, or threat of release of any Hazardous Substance, and (c) any condition caused by the presence, use, or release of a Hazardous Substance which adversely affects the value of the Property. If Mortgagor learns, or is notified by any governmental or regulatory authority, or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Mortgagor shall promptly take all necessary remedial actions in accordance with Environmental Law. Nothing in this Mortgage shall create any obligation on Mortgagee for an Environmental Cleanup.

24. **Satisfaction.** Upon payment or reduction of all sums secured by this Mortgage and performance of all requirements under the Funding Agreement, Mortgagee shall prepare and execute a Satisfaction of Mortgage. Mortgagor shall pay all costs of recordation, if any.

25. **Attorneys' Fees.** As used in this Mortgage and the Promissory Note, attorneys' fees shall include attorneys' fees awarded by a trial court, an appellate court, and incurred in a bankruptcy proceeding.

26. **Jury Trial Waiver.** Mortgagor waives any right to a trial by jury in any action, proceeding, claim, or counterclaim, whether in contract or tort, at law or in equity, arising out of, or in any way related to, this Mortgage, the Funding Agreement, or the Promissory Note.

27. **Term of Mortgage.** The term of this Mortgage shall be thirty-two (32) years, consistent with the long-term affordability period of thirty (30) years following completion, as provided in the Promissory Note.

28. **Recordation.** This Mortgage shall be recorded in the Public Records of Broward County, Florida, immediately following execution, at Mortgagor's expense.

29. **Mortgagor's Copy.** Mortgagor shall be provided one (1) copy of the executed Promissory Note and this Mortgage.

(Remainder of Page Intentionally Left Blank)

BY SIGNING BELOW, Mortgagor accepts and agrees to the terms and covenants contained in this Mortgage and in any Rider executed by Mortgagor and recorded with it.

IN WITNESS WHEREOF, MORTGAGOR has executed this Mortgage.

WITNESSES:

PINNACLE AT PEACEFIELD, LTD., a  
Florida limited partnership

\_\_\_\_\_  
Signature

By: PHG - Peacefield, LLC, a Florida  
limited liability company, its general  
partner

\_\_\_\_\_  
Print Name

By: \_\_\_\_\_  
David O. Deutch, Vice President

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) SS.

I, the undersigned, a Notary Public, in and for said county in said state, hereby certify that David O. Deutch, the Vice President of PHG - Peacefield, LLC, a Florida limited liability company, which is the general partner of PINNACLE AT PEACEFIELD, LTD., a Florida limited partnership, personally appeared before me and is known to me to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as the act of said limited liability company and limited partnership.

IN TESTIMONY WHEREOF, on this \_\_\_\_\_ day of \_\_\_\_\_, 2018,  
I have hereunto set my hand and affixed my official seal in the County and State aforesaid.

[NOTARIAL SEAL]

\_\_\_\_\_  
Notary Public

**My commission expires:**

**RIDER TO MORTGAGE DATED \_\_\_\_\_, 20\_\_, BETWEEN CITY OF HOLLYWOOD (the "Lender") AND PINNACLE AT PEACEFIELD, LTD., A FLORIDA LIMITED PARTNERSHIP (the "Borrower"), CONCERNING PROPERTY LOCATED IN THE CITY OF HOLLYWOOD, FLORIDA, COMMONLY KNOWN AS PINNACLE AT PEACEFIELD (the "Project")**

The Lender agrees to the following terms set forth in this Rider with respect to the \$84,000 HOME Loan to the Borrower (the "Loan").

The Lender will give Citibank, N.A., together with its successors and assigns, (the "Investor Limited Partner") a copy of any written notice it gives to the Borrower under the Loan Documents, at the following address:

Citibank, N.A.  
388 Greenwich St, 8th Floor  
New York, NY 10013  
Attention: Mark Sherman

Nixon Peabody LLP  
779 9th Street, NW, Suite 500  
Washington, DC 20001-4501  
Attention: Matthew W. Mullen

TCAM  
30 Federal Street, 6th Floor  
Boston, MA 02110-2508  
Attention: Jenny Netzer

The Lender will give the Investor Limited Partner ten (10) days after the Investor Limited Partner's receipt of such notice to cure a non-payment of any sum due under the Loan Documents.

The Lender will give the Investor Limited Partner thirty (30) days after the Investor Limited Partner's receipt of such notice to cure any other default under the Loan Documents.

If a default is incapable of being cured within thirty (30) days, the Lender will give the Investor Limited Partner such additional time as is reasonably necessary to cure such default provided it has commenced to cure such default within thirty (30) days and diligently proceeds to cure such default.

If the Investor Limited Partner makes any such payment or otherwise cures such default, the Lender will accept such action as curing the respective default under the Loan Documents.



The Lender will permit the Investor Limited Partner to transfer its limited partnership interest in Borrower to any person or entity at any time provided that, if at such the Investor Limited Partner has not made 100% of the capital contributions it is required to make to the Borrower, the Investor Limited Partner shall only have the ability to transfer its investor interest to an organization that has experience investing in low-income housing tax credits within the State of Florida. Investor Limited Partner shall provide the Lender with prompt written notice of such transfer.

With written notice provided to the Lender, the Lender will permit the Investor Limited Partner to remove the general partner of the Borrower in accordance with the Borrower's amended and restated agreement of limited partnership, provided that the substitute general partner shall be acceptable to the Lender in its reasonable discretion. An affiliate of the Investor Limited Partner shall be an acceptable substitute general partner.

Investor Limited Partner is intended to be a direct beneficiary of the covenants set forth in this Rider and shall be entitled to bring an action to enforce the same independent of any rights of the Borrower.

This Rider may be executed in multiple counterparts, each of which shall be deemed to be an original.

CITY OF HOLLYWOOD, a municipal  
corporation of the State of Florida

BY: \_\_\_\_\_  
JOSH LEVY, MAYOR

ATTEST:

\_\_\_\_\_  
PATRICIA A. CERNY, MMC  
CITY CLERK

APPROVED BY:

\_\_\_\_\_  
CINTYA RAMOS, DIRECTOR  
DEPARTMENT OF FINANCIAL  
SERVICES

APPROVED AS TO FORM & LEGAL  
SUFFICIENCY FOR THE USE AND RELIANCE  
OF THE CITY OF HOLLYWOOD, FLORIDA, ONLY.

DOUGLAS R. GONZALES, CITY ATTORNEY

PINNACLE AT PEACEFIELD, LTD., a  
Florida limited partnership

By: PHG-Peacefield, LLC, a Florida  
limited liability company, its general  
partner

By: \_\_\_\_\_  
David O. Deutch, Vice President

## ATTACHMENT "A" TO EXHIBIT "D" - PROMISSORY NOTE

### HOME PROMISSORY NOTE

CITY OF HOLLYWOOD, FLORIDA

FOR VALUE RECEIVED the undersigned, PINNACLE AT PEACEFIELD, LTD, a Florida limited partnership ("MAKER"), promises to pay to the order of THE CITY OF HOLLYWOOD, a municipal corporation of the State of Florida, together with any other holder ("HOLDER") at 2600 Hollywood Blvd., Hollywood, FL 33020, or such other place as HOLDER may from time to time designate in writing, an amount up to Eighty-Four Thousand and 00/100 Dollars (\$84,000.00) in HOME Funds, to be paid in lawful money of the United States of America, as follows:

1. The Property securing such transaction is legally described as: See Exhibit "A" attached.
2. HOLDER is a recipient of HOME Investment Partnership grant funds from the United States Department of Housing and Urban Development ("HUD") for eligible activities set forth in 24 CFR Part 92.
3. The Loan being provided by HOLDER to MAKER under this Promissory Note is a non-interest bearing deferred payment Loan, which amounts shall be paid by HOLDER to MAKER on a reimbursement basis for Eligible Costs as defined in and in such a manner as provided in the Agreement entered into by HOLDER and MAKER dated \_\_\_\_\_, 20\_\_\_\_, ("Funding Agreement"), incorporated herein by reference.
4. No payments shall be due under this Promissory Note and the Loan shall be deferred until the thirty-second (32<sup>nd</sup>) anniversary date of the execution of this Promissory Note by MAKER (the "Maturity Date"), which Maturity Date may be extended in the Mortgagee's sole and absolute discretion as set forth in this Section 4 unless an Acceleration Event (as hereinafter defined) occurs. Upon the earlier of (i) the Maturity Date, or (ii) an Acceleration Event, the total amount of HOME Funds provided to MAKER by HOLDER shall be due and payable to HOLDER under this Promissory Note. Notwithstanding anything contained herein to the contrary, any and all amounts due on the Maturity Date may be forgiven in the sole and absolute discretion of HOLDER.
5. If MAKER fails to utilize the Property for the purpose stated in the Mortgage or the Funding Agreement, or fails to comply with the terms and conditions of the Mortgage or the Funding Agreement (each deemed an "Acceleration Event"), including the thirty (30) year Affordability Period relative to all the HOME-assisted units in the Project (as defined in the Funding Agreement), which commences on Project Completion, or where any HOME-assisted unit, is no longer occupied by an Income Eligible Household as described in the Funding Agreement, such Acceleration Event shall constitute an event of default under this Promissory Note. For purposes of this Promissory Note, an income Eligible Household is a household, as defined in 24 CFR Section 92.2, consisting of a family, as defined in 24 CFR Section 5.403, with an annual anticipated gross income that does not exceed fifty percent (50%) of the median annual income for the area, as determined by HUD, with adjustments for family size for households within the metropolitan statistical area for CITY, or the non-metropolitan median for the State, whichever is greater. Project Completion means all necessary title transfer requirements (if applicable) and all construction work have been performed; the Project is in compliance with the requirements set forth in 24 CFR Section 92 including, but not limited to, the Property standards set forth in 24 CFR Section 92.251; the final drawdown of HOME Funds has been disbursed for the Project; and CITY has entered the Project completion information and beneficiary data into the integrated disbursement and information system (IDIS) established by HUD. HOME-assisted unit shall mean the unit(s) that can receive HOME Funds based on required subsidy limits as specified in 24 CFR Section 92.250, Subpart F. In such event, the total amount of HOME Funds previously provided to MAKER under this Promissory Note shall become due and payable to HOLDER at the address specified in the Funding Agreement after MAKER is given notice and a demand to cure as provided in Paragraph 16 of the Mortgage.

Upon default by Maker of any provisions of this obligation or any other obligations encumbering the subject property, terms and conditions of which are set forth in the Mortgage securing this Note, the City may accelerate the balance due and owing by Mortgagor and may avail itself of any and all remedies provided in the Mortgage, including but not limited to acceptance of any payments on the accelerated balance in the amount determined by the City, and Maker recognizes that the City's claim for the accelerated balance is a secured claim for the entire sum then and owing.

6. Notwithstanding Section 4 hereof, if MAKER transfers title to the Property without HOLDER's written consent as provided in Paragraph 21 of the Mortgage, the total amount of HOME Funds previously provided to MAKER under this Promissory Note shall immediately become due and payable to HOLDER as provided in Paragraph 15 of the Mortgage, at the address specified in the Funding Agreement.

7. If a lawsuit is instituted by HOLDER to recover under this Promissory Note, MAKER agrees to pay all costs of such collection including, but not limited to, reasonable attorney's fees and court costs. If this Promissory Note is reduced to judgment, such judgment shall bear the statutory interest rate on judgments set forth in Section 55.03, Florida Statutes.

8. This Promissory Note is secured by the Mortgage executed by MAKER to Holder, of even date herewith, and recorded in the Official Public Records of Broward County, Florida.

9. Demand, protest, and notice of demand and protest are waived and the undersigned waives, to the extent authorized by law, any and all homestead and other exemption rights which otherwise would apply to the debt evidenced by this Promissory Note.

IN WITNESS WHEREOF, MAKER executed this Promissory Note this \_\_\_\_ day of \_\_\_\_\_ 2018.

WITNESSES:

PINNACLE AT PEACEFIELD, LTD., a Florida limited partnership

\_\_\_\_\_  
Signature

By: PHG - Peacefield, LLC, a Florida limited liability company, its general partner

\_\_\_\_\_  
Print Name

By: \_\_\_\_\_  
David O. Deutch, Vice President

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

I, the undersigned, a Notary Public, in and for said county in said state, hereby certify that David O. Deutch, the Vice President of PHG - Peacefield, LLC, a Florida limited liability company, which is the general partner of PINNACLE AT PEACEFIELD, LTD., a Florida limited partnership, personally appeared before me and is known to me to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as the act of said limited liability company and limited partnership.

IN TESTIMONY WHEREOF, on this \_\_\_\_\_ day of \_\_\_\_\_, 2018, I have hereunto set my hand and affixed my official seal in the County and State aforesaid.

[NOTARIAL SEAL]

\_\_\_\_\_  
\_\_\_\_\_  
Notary Public  
My commission expires:

## **EXHIBIT "A"**

### **Legal Description**

All of Lots 13 Through 17 and Lots 19 Through 21, Block 1, Amended Plat of Hollywood Little Ranches, according to the Plat thereof, as recorded in Plat Book 1, on Page 26 of the Public Records of Broward County, Florida.

Together with:

All of Lots 9 through 19, W.B. Symmes Subdivision, according to the plat thereof, as Recorded In Plat Book 7, on page 7 of the Public Records Of Broward County, Florida.

Also together with:

The West 330.00 feet of Lots 4 and 5, Block M, amended plat of Hollywood Little Ranches, according to the Plat thereof, as recorded in Plat Book 1, on Page 26 of the Public Records of Broward County, Florida.

Said lands situate, lying and being in The City of Hollywood, Broward County, Florida containing 241,550 Square Feet (5.54 Acres) more or less.

**EXHIBIT "D-1"**

[delete before recordation as this is a separate document NOT incorporated into the Mortgage]

**DECLARATION OF RESTRICTIVE COVENANTS FOR  
HOME MULTI-FAMILY RENTAL UNITS**

THIS DECLARATION OF RESTRICTIVE COVENANTS ("Declaration") is made this day of \_\_\_\_\_, 20\_\_, by PINNACLE AT PEACEFIELD, LTD., a Florida limited partnership ("Declarant"), in favor of THE CITY OF HOLLYWOOD, FLORIDA, a municipal corporation ("CITY").

**RECITALS**

WHEREAS, CITY has been designated by the United States Department of Housing and Urban Development ("HUD") as a participating jurisdiction for the receipt and use of funds as provided by the HOME Investment Partnership Program (HOME Program) as set forth in 24 CFR Part 92; and

WHEREAS, Declarant acknowledges that HOME Funds were provided to Declarant pursuant to that certain Agreement (Funding Agreement") between CITY and PINNACLE AT PEACEFIELD, LTD. dated \_\_\_\_\_, 2018; incorporated herein by reference, for construction of affordable multi-family residential rental units on the property referenced herein ("Property"); said Property located at \_\_\_\_\_ and more specifically described in the legal description attached hereto as Exhibit "A"; NOW, THEREFORE,

Declarant voluntarily covenants and agrees that the Property shall be subject to the following restrictions that are intended and shall be deemed covenants running with the land and binding upon the Declarant, Declarant's assigns, successors, and successors in title to the Property, until expiration of the long-term affordability period set forth in Section 2 hereof:

1. The above recitals are true and correct and are incorporated herein as if fully set forth in full hereunder.
2. Restrictions on Use of the Property. Under the Program, the above-referenced HOME Funds have been provided as a deferred payment loan with no payments due prior to maturity. However, as a condition of the loan, Declarant shall use the Property only for development and operation of affordable multi-family residential rental units. This Declaration of Restrictive Covenants shall remain in effect following Project Completion, until the Affordability Period of thirty (30) years expires. Project Completion means all necessary title transfer requirements (if applicable) and all construction work have been performed.
3. HOME-assisted unit. Declarant shall rent units located on the Property only to Income Eligible Households as defined in and as required by the HOME and NSP-1 Funding Agreement for the Affordability Period. The term Income Eligible Household shall refer to a household(s) as defined in 24 CFR Section 92.2, consisting of a family, as defined in 24 CFR Part 5.403, that is eligible for one of the five designated Low-Home Rent Units and shall have an anticipated gross income that does not exceed 50% of the median annual income for the area, as determined by HUD, with adjustments for family size for households within Broward County.

4. Severability. If a court of competent jurisdiction determines that any of the provisions of this Declaration are void or unenforceable, the remainder of the provisions of this Declaration shall continue in full force and effect.
5. Recordation. This Declaration shall be recorded in the Official Public Records of Broward County, Florida, immediately following its execution, at Declarant's expense.
6. Right to Inspect Property. It is understood and agreed that any official of CITY has the right at any time during normal CITY business hours to enter upon and investigate the use of the Property, to determine whether Declarant is in compliance with the terms and conditions of this Declaration.
7. Enforcement. An action to enforce the terms and conditions of this Declaration may be brought by CITY and may be, at law or in equity, against any person(s) violating or attempting to violate any provision of this Declaration either to restrain violations or to recover HOME funds under the Promissory Note. This Declaration is made for the benefit of CITY and HUD, and confers upon the CITY, HUD, and their respective successors and assigns the right, without limitation, to enforce the provisions of this Declaration. Any failure by CITY or HUD to insist upon a strict performance of any covenants, restriction, or requirement of this Declaration, or to exercise any option, right, or remedy contained or created in this Declaration, shall not be construed as a waiver or relinquishment for the future of such covenant, restriction, or requirement; rather, the same shall continue and remain in full force and effect.
8. Attorneys' Fees. Any person who successfully brings an action for enforcement of this Declaration shall be entitled to recover reasonable attorneys' fees and costs for such action, including any successful appellate proceedings.
9. Release of Restrictions. This Declaration shall be extinguished and released by CITY in whole, or in part, in accordance with the terms contained herein and in the Funding Agreement.

[Remainder of Page Intentionally Left Blank]





## **EXHIBIT "A"**

### **Legal Description**

All of Lots 13 Through 17 and Lots 19 Through 21, Block 1, Amended Plat of Hollywood Little Ranches, according to the Plat thereof, as recorded In Plat Book 1, on Page 26 of the Public Records of Broward County, Florida.

Together with:

All of Lots 9 through 19, W.B. Symmes Subdivision, according to the plat thereof, as Recorded In Plat Book 7, on page 7 of the Public Records Of Broward County, Florida.

Also together with:

The West 330.00 feet of Lots 4 and 5, Block M, amended plat of Hollywood Little Ranches, according to the Plat thereof, as recorded in Plat Book 1, on Page 26 of the Public Records of Broward County, Florida.

Said lands situate, lying and being in The City of Hollywood, Broward County, Florida containing 241,550 Square Feet (5.54 Acres) more or less.

**EXHIBIT "D-2"**  
**[delete before recordation]**

**NSP-1 MORTGAGE**

CITY COMMISSION OF CITY OF HOLLYWOOD  
BROWARD COUNTY, FLORIDA

This Mortgage to secure Neighborhood Stabilization Program ("NSP-1") financing ("Mortgage") is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by PINNACLE AT PEACEFIELD, LTD., a Florida limited partnership ("Mortgagor"), in favor of THE CITY OF HOLLYWOOD, a municipal corporation of the State of Florida ("Mortgagee"), collectively referred to as the "Parties."

WHEREAS, Mortgagor is indebted to Mortgagee in the principal sum of Three Hundred Fifty Thousand and 00/100 Dollars (\$350,000.00) in NSP-1 Funds; which indebtedness is evidenced by Mortgagor's Promissory Note dated of even date herewith ("Promissory Note"), providing a deferred payment loan, hereinafter referred to as the ("Loan"), due and payable at the end of the thirty-two (32) year term of the Loan; NOW, THEREFORE,

To secure to Mortgagee (a) the payment of the Loan, and all extensions and modifications of the Promissory Note, (b) the performance of Mortgagor's covenants under this Mortgage and the Promissory Note, attached hereto as Attachment "A," (c) compliance with the terms of the Agreement executed by CITY and Mortgagor on \_\_\_\_ day of \_\_\_\_\_, 20\_\_, incorporated herein by reference ("Funding Agreement"), and the execution of a Declaration of Restrictive Covenants ("Declaration"), in the form attached to the Funding Agreement as Exhibit "D-3"; (the Declaration, the Promissory Note, this Mortgage, the Funding Agreement, and all other documents evidencing and/or securing the Loan being hereinafter referred to as the "Loan Documents"). Mortgagor mortgages, grants, and conveys to Mortgagee the Mortgagor's leasehold interest in the property described in Attachment "A," located in Broward County, Florida, together with all improvements now or later erected on the property, and all easements, rights, appurtenances, rents, and all fixtures now or later attached to the property, all of which, including replacements and additions, shall be deemed to be and remain a part of the property covered by this Mortgage, and all of the foregoing shall constitute and refer to the "Property."

Mortgagor covenants that Mortgagor is lawfully seized of the estate conveyed and has the right to mortgage, grant, and convey the Property and that the Property is unencumbered, except for encumbrances of record. Mortgagor warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

This Mortgage is expressly made subject and subordinate to the terms and conditions specified in that certain Mortgage, Assignment of Rents and Leases, Security Agreement, and Fixture Filing from Mortgagor to \_\_\_\_\_ ("First Mortgagee"), dated \_\_\_\_\_, recorded \_\_\_\_\_, in the Official Records Book \_\_\_\_\_, Page \_\_\_\_\_ of the Public Records of Broward CITY, Florida ("First Mortgage"), securing that certain Promissory Note having an original principal face amount of \_\_\_\_\_ and 00/100 Dollars (\$00,000), dated \_\_\_\_\_ ("First Note"), made by Mortgagor payable to the First Mortgagee.

**UNIFORM COVENANTS.** The Parties covenant and agree as follows:

1. **Payment of Promissory Note.** Mortgagor shall pay when due all amounts evidenced by the Promissory Note. Payment due under the Promissory Note and this Mortgage shall be made in U.S. currency. However, if any check or other instrument received by Mortgagee as payment under the Note or this Mortgage is returned to Mortgagee unpaid, Mortgagee may require that any or all subsequent payments due under the Promissory Note and this Mortgage be made in one or more of the following forms, as selected by Mortgagee: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check, or

cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) electronic funds transfer.

Payments are deemed received by Mortgagee when received at the location designated in the Promissory Note or at such other location as may be designated by Mortgagee in accordance with the notice provision. Mortgagee may return any payment or partial payment if the payment or partial payments are insufficient to bring the Loan current. Mortgagee may accept any payment or partial payment insufficient to bring the Loan current, without waiver of any rights or prejudice to its rights to refuse such payment or partial payments in the future, but Mortgagee is not obligated to apply such payments at the time such payments are accepted.

2. **Charges; Liens.** Mortgagor shall pay all taxes, assessments, and other charges, fines, and impositions attributable to the Property which may attain a priority over this Mortgage. Mortgagor shall promptly furnish to Mortgagee receipts, or other such documents acceptable to Mortgagee, evidencing such payments.

Mortgagor shall not voluntarily create, or permit or suffer to be created or to exist, on or against the mortgaged property, or any part, any lien superior to the lien of this Mortgage, exclusive of the lien or liens, if any to which this Mortgage is expressly subject as set forth above.

3. **Hazard Insurance.** Mortgagor shall keep the improvements now existing or later erected on the Property insured against loss by fire and such other hazards included within the term "extended coverage," and any other hazards, including, but not limited to, earthquakes, floods, for which insurance is required and as Mortgagee may require, in such amounts and for such periods as Mortgagee may require; provided, that Mortgagee shall not require that the amount of such coverage exceed that amount of coverage required to pay the sums secured by this Mortgage.

Unless otherwise required by Mortgagee, all such insurance shall be affected by Standard Fire and Extended Coverage Insurance policies, in amounts not less than necessary to comply with the coinsurance clause percentage of the value applicable to the location and character of the Property to be covered. All such insurance shall be provided by companies approved by Mortgagee, and all policies therefore shall be in such form and shall have attached loss payable clauses in favor of Mortgagee and any other party as shall be satisfactory to Mortgagee. The insurance carrier providing the insurance shall be chosen by Mortgagor, subject to Mortgagee's approval; provided that such approval shall not be unreasonably withheld.

All insurance policies, endorsements and renewals shall be in a form acceptable to Mortgagee and shall include a standard mortgage clause in favor of and in a form acceptable to Mortgagee. Mortgagor shall promptly furnish to Mortgagee all renewal notices and all receipts of paid premiums. In the event of loss, Mortgagor shall give prompt notice to the insurance carrier and Mortgagee, and Mortgagee may make proof of loss if not made promptly by Mortgagor.

Unless the Parties otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided such restoration or repair is economically feasible and the security of this Mortgage is not impaired. If such restoration or repair is not economically feasible or if the security of this Mortgage would be impaired, the insurance proceeds shall be applied to the sums secured by this Mortgage, with the excess, if any, paid to Mortgagor. If the Property is abandoned by Mortgagor or if Mortgagor fails to respond to Mortgagee within thirty (30) days after notice by Mortgagee to Mortgagor that the insurance carrier offers to settle a claim for insurance benefits, Mortgagee is authorized to collect and apply insurance proceeds at Mortgagee's option either to restoration or repair of the Property or to the sums secured by this Mortgage.

During such repair and restoration period, Mortgagee shall have the right to hold such insurance proceeds until Mortgagee has had an opportunity to inspect such Property to ensure the work has been completed to Mortgagee's satisfaction, provided that such inspection shall be undertaken promptly.

If the Property is acquired by Mortgagee, all right, title, and interest of Mortgagor in and to any insurance policies and in and to the proceeds (to the extent of the sums secured by this Mortgage immediately prior to such sale or acquisition) resulting from damage to the Property prior to the sale or acquisition shall pass to Mortgagee.

4. **Preservation and Maintenance of Property.** Mortgagor shall keep the Property in good repair and shall not permit or commit waste, impairment, or deterioration of the Property, and will promptly comply with all the requirements of federal, state, and local governments pertaining to such Property or any part thereof. No building or other structure or improvement, fixture, or personal property mortgaged shall be removed or demolished without the written consent of Mortgagee. Mortgagor shall not make, permit, or suffer any alteration or addition to any building or other structure or improvement now or which may later be erected or installed upon the Property, or any portion thereof, nor will Mortgagor use or permit the use of, any portion of the Property for any purpose other than the purpose(s) for which the same is now intended to be used, without the prior written consent of Mortgagee.

Mortgagee, or its agent, may reasonably enter upon and inspect the Property. If it has reasonable cause, Mortgagee may inspect the interior of the Property, including improvements, if applicable. Mortgagee shall give Mortgagor notice at the time of or prior to such an interior inspection specifying such reasonable cause.

5. **Protection of Mortgagee's Security.** Mortgagee may, at its option, upon notice to Mortgagor, make such appearances, disburse such sums, and take such action as is necessary to protect Mortgagee's interest, if Mortgagor fails to perform the covenants or agreements contained in this Mortgage or the Funding Agreement, or if any action or proceeding is commenced which materially affects Mortgagee's interests in the Property including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankruptcy.

6. **Promissory Note Due.** The total amount of the Promissory Note shall become due at the sole option of Mortgagee: (a) if Mortgagor fails to pay any principal, interest or other amount due as and when required under the Note; or (b) after Mortgagor's failure to demonstrate to Mortgagee, within ten (10) calendar days after demand, receipts showing payment of all taxes, water rates, sewer rates, and assessments; or (c) after the actual or threatened alteration, demolition, or removal of any building on the Property without the written consent of Mortgagee; or (d) after the transfer or assignment of the Property or, any part thereof, without the written consent of Mortgagee; or (e) if the buildings on the Property are not maintained in reasonably good repair after Mortgagor is given notice and demand to cure within a reasonable time as determined by Mortgagee under the circumstances; or (f) after failure to comply with any requirement or order or notice of violation of law or ordinance issued by any governmental entity with jurisdiction over the Property upon notice of said failure by Mortgagee and failure to comply with thirty (30) calendar days of notice by Mortgagee; or (g) in the event of the removal, demolition, or destruction, in whole or in part, of any of the fixtures, chattels, or articles of personal property covered, unless the same are promptly replaced by similar fixtures, chattels, and articles of personal property at least equal in quality and condition to those replaced, free from chattel mortgages or other encumbrances and free from any reservation of title; or (h) the commencement by Borrower of a voluntary case under the United States Bankruptcy Code or any federal or state law relating to bankruptcy, insolvency, reorganization, readjustment of debt liquidation or similar proceeding ("Insolvency Laws"), the acknowledgement in writing by Borrower that it is unable to pay its debts generally as they mature, the making by Borrower of a general assignment for the benefit of creditors, the commencement of an involuntary case against Borrower under any Insolvency Laws which is not dismissed within 90 days of filing or the appointment of a receiver, liquidator, custodian or trustee or similar officer who exercises control over Borrower or substantially all of Borrower's assets who is not discharged or dismissed within 90 days of such appointment; or (i) failure of Mortgagor to perform, after giving effect to any applicable notice and/or cure period, any covenant, term or condition in any instrument creating a lien upon the Property, or any portion thereof, which shall have priority over this Mortgage; or (j) if Mortgagor fails to maintain, observe, and perform any of the other covenants, conditions, or agreements contained in this Mortgage or the Funding Agreement after Mortgagor is given notice and a demand to cure as provided in Paragraph 16.

7. **Actions or Proceedings Commenced.** If any action or proceeding is commenced (except an action to foreclose this Mortgage or to collect the debt secured by this Mortgage), to which action or proceeding Mortgagee is made a party, or in which it becomes necessary to defend or uphold the lien of this Mortgage, all sums paid by Mortgagee for the expense of any litigation to prosecute or defend the rights and lien created by this Mortgage (including reasonable attorneys' fees), shall be paid by Mortgagor, together with interest at the statutory rate per annum, and any such sum including the related interest shall be a lien on the Property, prior to any right, or title to, interest in or claim upon the Property attaching or accruing subsequent to the lien of this Mortgage, and shall be deemed to be secured by this Mortgage. In any action or proceeding to foreclose this Mortgage, or to recover or collect the debt secured by this Mortgage, the provisions of law relating to the recovery of costs, disbursements, and allowances shall prevail unaffected by this covenant.

8. **Mortgagor's Applications.** Mortgagor shall be in default if, during the Loan application process, Mortgagor or any persons or entities acting at the direction of Mortgagor or with Mortgagor's knowledge or consent, gives materially false, misleading, or inaccurate information or statements to Mortgagee (or failed to provide Mortgagee with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning occupancy of the Property by Income Eligible Households as set forth in the Funding Agreement.

9. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or any part thereof, or for conveyance in lieu of condemnation, are assigned and shall be paid to Mortgagee. The proceeds referred to in this paragraph shall be applied to the sums secured by this Mortgage with the excess, if any, paid to Mortgagor. If the Property is abandoned by Mortgagor, or if, after notice by Mortgagee to Mortgagor that the condemnor offers to make an award or settle a claim for damages, Mortgagor fails to respond to Mortgagee within thirty (30) days after the date the notice is mailed, Mortgagee is authorized to collect and apply the proceeds, at Mortgagee's option, either to restoration or repair of the Property, to the sums secured by this Mortgage.

10. **Mortgage Not Released; Forbearance by Mortgagee Not a Waiver.** Extension of time for payment, modification, or amortization of the sums secured by this Mortgage granted by Mortgagee to any successor in interest of Mortgagor shall not operate to release, in any manner, the liability of the original Mortgagor and Mortgagor's successor in interest. Mortgagee shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Mortgage by reason of any demand made by the original Mortgagor and Mortgagor's successors in interest. Any forbearance by Mortgagee for exercising any right or remedy, including, without limitation, Mortgagee's acceptance of payments from third persons, entities, or successors in interest or in amounts less than the amount then due, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any right or remedy.

11. **Remedies Cumulative.** All remedies provided in this Mortgage are distinct and cumulative to any other right or remedy under this Mortgage or afforded by law or equity, and may be exercised concurrently, independently, or successively.

12. **Joint and Several Liability; Successors and Assigns Bound; Captions.** Mortgagor covenants and agrees that Mortgagor's obligations and liability shall be joint and several. Any successor in interest of Mortgagor who assumes Mortgagor's obligations under this Mortgage in writing, and is approved by Mortgagee, shall obtain all of Mortgagor's rights and benefits under this Mortgage. Mortgagor shall not be released from Mortgagor's obligations and liability under this Mortgage, unless Mortgagee agrees to such release in writing. The covenants and agreements of this Mortgage shall bind and benefit the successors and assigns of Mortgagee. The captions and headings of the paragraphs of this Mortgage are for convenience only and are not to be used to interpret or define any specific provision.

13. **Notice.** All notices given by Mortgagor or Mortgagee in connection with this Mortgage must be in writing. Any notice to Mortgagor in connection with this Mortgage shall be deemed to have been given to Mortgagor when mailed by first class mail or when actually delivered to Mortgagor's notice address

if sent by other means. The notice address shall be the Property address unless Mortgagor has designated a substitute notice address by notice to Mortgagee. Mortgagor shall promptly notify Mortgagee of Mortgagor's change of address. If Mortgagee specifies a procedure for reporting Mortgagor's change of address, then Mortgagor shall only report a change of address through that specified procedure. There may be only one designated notice address under this Mortgage at any one time. Any notice to Mortgagee shall be given by delivering it or by mailing it by first class mail to Mortgagee's address unless Mortgagee has designated another address by notice to Mortgagor. Any notice in connection with this Mortgage shall not be deemed to have been given to Mortgagee until actually received by Mortgagee. If any notice required by this Mortgage is also required under Florida law, the Florida law requirement will satisfy the corresponding requirement under this Mortgage.

14. **Governing Law; Severability; Rules of Construction.** This Mortgage shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Mortgage are subject to any requirements and limitations of Florida law. Florida law might explicitly or implicitly allow the Parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Mortgage or the Promissory Note conflicts with Florida law, such conflict shall not affect other provisions of this Mortgage or the Promissory Note which can be given effect without the conflicting provision, and to this end the provisions of this Mortgage and the Promissory Note are declared to be severable.

As used in this Mortgage: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

15. **Transfer of the Property; Assumption.** No part of the Property or any interest in the Property shall be sold or transferred by Mortgagor without Mortgagee's consent consistent with paragraph 21. If Mortgagor sells or transfers any interest or part in the Property without Mortgagee's consent, the sums secured by this Mortgage shall become immediately due and payable. If the amount becomes due and payable, Mortgagee shall mail Mortgagor notice of acceleration. Such Notice shall provide a period of not less than thirty (30) days from the date the notice is received by Mortgagor, for Mortgagor to pay the sums declared due. If Mortgagor fails to pay such sums prior to the expiration of such period, Mortgagee may without further notice or demand on Mortgagor, invoke any available legal remedies.

**NONUNIFORM COVENANTS.** Mortgagor and Mortgagee further covenant and agree as follows:

16. **Acceleration; Remedies.** Upon Mortgagor's breach of any covenant in this Mortgage, the HOME Funding Agreement referenced above or the Promissory Note, including the covenants to pay, when due, any sums secured by this Mortgage shall be accelerated. Mortgagee shall, prior to acceleration, mail notice to Mortgagor as provided in Paragraph 13 identifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than thirty (30) days from the date the notice is received by Mortgagor, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in any action in law or equity, as Mortgagee determines to be most effectual to enforce Mortgagor's obligations, including an action for specific performance, acceleration of the sums secured by this Mortgage, foreclosure by judicial proceeding, and sale of the Property. If the breach is not cured on or before the date specified in the notice, Mortgagee at its option may declare all the sums secured by this Mortgage to be immediately due and payable without further demand and may foreclose this Mortgage by judicial proceeding. Mortgagee shall be entitled to collect in such proceeding all expenses of foreclosure including, but not limited to, reasonable attorney's fees, court costs, costs of documentary evidence, abstracts, and title reports.

17. **Mortgagor's Right to Reinstate.** Notwithstanding Mortgagee's right to acceleration of the sums secured by this Mortgage, Mortgagor shall have the right to have any proceedings begun by Mortgagee to enforce this Mortgage discontinued at any time prior to an entry of a judgment enforcing this Mortgage if: (a) Mortgagor pays Mortgagee all sums which would be then due under this Mortgage had no acceleration occurred; (b) Mortgagor cures all breaches under this Mortgage including the Funding Agreement; (c) Mortgagor pays all reasonable expenses incurred by Mortgagee in enforcing the covenants

and agreements of Mortgagor contained in this Mortgage and the Funding Agreement including, but not limited to, attorney's fees; and (d) Mortgagor takes such action as Mortgagee may reasonably require to ensure that the lien of this Mortgage, Mortgagee's interest in the Property, and Mortgagor's obligation to pay the sums secured by this Mortgage and comply with the terms of the Funding Agreement shall remain in full force and effect.

18. **Default.** After the happening of any default, Mortgagor shall, upon demand of Mortgagee, surrender possession of the Property to Mortgagee, and Mortgagee may enter such property, and let the same, and collect all rents which are due or to become due, and apply the same, after payment of all charges and expenses on account of indebtedness secured by this Mortgage, and all such rents and all leases existing at the time of such default are assigned to Mortgagee as further security for the payment of the indebtedness secured, and Mortgagee may also dispossess, by the usual summary proceedings, any tenant defaulting in the payment of any rent to Mortgagee.

19. **Appointment of a Receiver.** In any action to foreclose this Mortgage, Mortgagee shall be entitled to the appointment of a receiver without notice, as a matter of right and without regard to the value of the Property, or the solvency or insolvency of Mortgagor or other party liable for the payment of the Promissory Note and other indebtedness secured by this Mortgage.

20. **Occupancy.** Mortgagor agrees and understands that the NSP-1 funding is being loaned by Mortgagee to increase the availability of affordable multi-family residential rental units by complementing and expanding existing low income housing initiatives to reduce the cost of housing for Income Eligible Households. As a result, Mortgagor agrees to construct and use the Property as required by the rules and regulations of the United States Department of Housing and Urban Development for the NSP-1 Program, and to ensure that all occupants of the units are qualified as Income Eligible Households. The term Income Eligible Households shall refer to a household, as defined in 24 CFR Section 92.2, consisting of a family, as defined in 24 CFR Section 5.403, with an annual anticipated gross income at the time of initial occupancy that does not exceed sixty percent (60%) of the median annual income for the area, as determined by HUD, with adjustments for family size for households within the metropolitan statistical area for CITY, or the non-metropolitan median for the State, whichever is greater.

21. **Transfer of the Property or a Beneficial Interest in Mortgagor.** "Interest in the Property" means any legal or beneficial interest in the Property including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Mortgagor at a future date to a purchaser.

If all or any part of the Property or any interest in the Property is sold or transferred without Mortgagee's prior written consent, Mortgagee shall require immediate payment in full of all sums secured by this Mortgage. However, this option shall not be exercised by Mortgagee if such exercise is prohibited by federal and state law.

If Mortgagee exercises this option, Mortgagee shall give Mortgagor notice of acceleration. The notice shall provide a period of not less than thirty (30) days from the date the notice is given in accordance with Paragraph 13 within which Mortgagor must pay all sums secured by this Mortgage. If Mortgagor fails to pay these sums prior to the expiration of this period, Mortgagee may invoke any remedies permitted by this Mortgage without further notice or demand on Mortgagor.

This Mortgage and all the covenants, terms and conditions herein contained shall be binding upon and inure to the benefit of the Mortgagor and the heirs, legal representatives and assigns of the Mortgagor, and to the extent permitted by law, every subsequent owner of the Mortgaged Property, and shall be binding and inure to the benefit of the Mortgagee and its assigns. If the Mortgagor, as defined herein, consists of two or more parties, this Mortgage shall constitute a grant and mortgage by all of them jointly and severally, and they shall be obligated jointly and severally under all the provisions hereof and under the Note. The word "Mortgagee" shall include any person, corporation, or other party who may from time to time be the holder of this Mortgage. Wherever used herein, the singular number shall include the plural, the plural



number shall include the singular, and the use of any gender shall be applicable to all genders wherever the sense requires.

**22. Mortgagor's Right to Reinstate After Acceleration.** If Mortgagor meets certain conditions set forth below, Mortgagor shall have the right to have enforcement of this Mortgage discontinued at any time prior to the earliest of (a) five (5) days before sale of the Property pursuant to any power of sale contained in this Mortgage; (b) such other period as federal and state law might specify for the termination of Mortgagor's right to reinstate; or (c) entry of a judgment enforcing this Mortgage. Such conditions require that Mortgagor (a) pays Mortgagee all sums due under this Mortgage and the Promissory Note as if no acceleration had occurred (b) cures any default of any other covenants of agreements; (c) pays all expenses incurred in enforcing this Mortgage including, but not limited to, reasonable attorneys' fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Mortgagee's interest in the Property and rights under this Mortgage; and (d) takes such action as Mortgagee may reasonably require to assure that Mortgagee's interest in the Property and rights under this Mortgage, and Mortgagor's obligation to pay the sums secured by this Mortgage, shall continue unchanged. Mortgagee may require that Mortgagor pay such reinstatement sums and expenses in one or more of the following forms, as selected by Mortgagee: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check, or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, secured instrument, and obligations shall remain fully effective as if no acceleration had occurred.

Neither Mortgagor nor Mortgagee may commence, join, or be joined in any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Mortgage, or that alleges that the other party has breached any provision of, or any duty owed, by reason of this Mortgage, until such Mortgagor or Mortgagee has notified the other party of such alleged breach and afforded the other party a reasonable period after providing such notice to take corrective action. If Florida law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph.

**23. Hazardous Substances.** As used in this Section: (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (b) "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety, or environmental protection; (c) "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law; and (d) an "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

Mortgagor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Mortgagor shall not, nor permit anyone else to do anything affecting the Property (a) that is in violation of any Environmental Law, (b) which creates an Environmental Condition, or (c) which, due to the presence, use, or release of a Hazardous Substance, creates a condition that adversely affects the value of the Property. The preceding two (2) sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property (including, but not limited to, hazardous substances in consumer products).

Mortgagor shall promptly give Mortgagee written notice of (a) any investigation, claim, demand, lawsuit, or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Mortgagor has actual knowledge, (b) any Environmental Condition including, but not limited to, any spilling, leaking, discharge, release, or threat of release of any Hazardous Substance, and (c) any condition caused by the presence, use, or release of a Hazardous Substance which adversely affects the value of the Property. If Mortgagor learns, or is notified by any governmental or regulatory authority, or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Mortgagor shall promptly take all necessary

remedial actions in accordance with Environmental Law. Nothing in this Mortgage shall create any obligation on Mortgagee for an Environmental Cleanup.

24. **Satisfaction.** Upon payment or reduction of all sums secured by this Mortgage and performance of all requirements under the Funding Agreement, Mortgagee shall prepare and execute a Satisfaction of Mortgage. Mortgagor shall pay all costs of recordation, if any.

25. **Attorneys' Fees.** As used in this Mortgage and the Promissory Note, attorneys' fees shall include attorneys' fees awarded by a trial court, an appellate court, and incurred in a bankruptcy proceeding.

26. **Jury Trial Waiver.** Mortgagor waives any right to a trial by jury in any action, proceeding, claim, or counterclaim, whether in contract or tort, at law or in equity, arising out of, or in any way related to, this Mortgage, the HOME and NSP-1 Funding Agreement, or the Promissory Note.

27. **Term of Mortgage.** The term of this Mortgage shall be thirty-two (32) years, consistent with the long-term affordability period of thirty (30) years following completion, as provided in the Promissory Note.

28. **Recordation.** This Mortgage shall be recorded in the Public Records of Broward County, Florida, immediately following execution, at Mortgagor's expense.

29. **Mortgagor's Copy.** Mortgagor shall be provided one (1) copy of the executed Promissory Note and this Mortgage.

(Remainder of Page Intentionally Left Blank)

BY SIGNING BELOW, Mortgagor accepts and agrees to the terms and covenants contained in this Mortgage and in any Rider executed by Mortgagor and recorded with it.

IN WITNESS WHEREOF, MORTGAGOR has executed this Mortgage.

WITNESSES:

PINNACLE AT PEACEFIELD, LTD., a  
Florida limited partnership

Signature

By: PHG - Peacefield, LLC, a Florida  
limited liability company, its general  
partner

Print Name

By: \_\_\_\_\_  
David O. Deutch, Vice President

Signature

## Print Name

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

I, the undersigned, a Notary Public, in and for said county in said state, hereby certify that David O. Deutch, the Vice President of PHG - Peacefield, LLC, a Florida limited liability company, which is the general partner of PINNACLE AT PEACEFIELD, LTD., a Florida limited partnership, personally appeared before me and is known to me to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as the act of said limited liability company and limited partnership.

IN TESTIMONY WHEREOF, on this \_\_\_\_\_ day of \_\_\_\_\_, 2018,  
I have hereunto set my hand and affixed my official seal in the County and State aforesaid.

[NOTARIAL SEAL]

Notary Public

My commission expires:

**RIDER TO MORTGAGE DATED \_\_\_\_\_, 20\_\_, BETWEEN CITY OF HOLLYWOOD (the "Lender") AND PINNACLE AT PEACEFIELD, LTD., A FLORIDA LIMITED PARTNERSHIP (the "Borrower"), CONCERNING PROPERTY LOCATED IN THE CITY OF HOLLYWOOD, FLORIDA, COMMONLY KNOWN AS PINNACLE AT PEACEFIELD (the "Project")**

The Lender agrees to the following terms set forth in this Rider with respect to the \$350,000 NSP-1 Loan to the Borrower (the "Loan").

The Lender will give Citibank, N.A. together with its successors and assigns, (the "Investor Limited Partner") a copy of any written notice it gives to the Borrower under the Loan Documents, at the following addresses:

Citibank, N.A.  
388 Greenwich St, 8th Floor  
New York, NY 10013  
Attention: Mark Sherman

Nixon Peabody LLP  
779 9th Street, NW, Suite 500  
Washington, DC 20001-4501  
Attention: Matthew W. Mullen

TCAM  
30 Federal Street, 6th Floor  
Boston, MA 02110-2508  
Attention: Jenny Netzer

The Lender will give the Investor Limited Partner ten (10) days after the Investor Limited Partner's receipt of such notice to cure a non-payment of any sum due under the Loan Documents.

The Lender will give the Investor Limited Partner thirty (30) days after the Investor Limited Partner's receipt of such notice to cure any other default under the Loan Documents.

If a default is incapable of being cured within thirty (30) days, the Lender will give the Investor Limited Partner such additional time as is reasonably necessary to cure such default provided it has commenced to cure such default within thirty (30) days and diligently proceeds to cure such default.

If the Investor Limited Partner makes any such payment or otherwise cures such default, the Lender will accept such action as curing the respective default under the Loan Documents.

The Lender will permit the Investor Limited Partner to transfer its limited partnership interest in Borrower to any person or entity at any time provided that, if at such the Investor Limited Partner has not made 100% of the capital contributions it is required to make to the Borrower, the Investor Limited Partner shall only have the ability to transfer its investor interest to an organization that has experience investing in low-income housing tax credits within the State of Florida. Investor Limited Partner shall provide the Lender with prompt written notice of such transfer.

With written notice provided to the Lender, the Lender will permit the Investor Limited Partner to remove the general partner of the Borrower in accordance with the Borrower's amended and restated agreement of limited partnership, provided that the substitute general partner shall be acceptable to the Lender in its reasonable discretion. An affiliate of the Investor Limited Partner shall be an acceptable substitute general partner.

Investor Limited Partner is intended to be a direct beneficiary of the covenants set forth in this Rider and shall be entitled to bring an action to enforce the same independent of any rights of the Borrower.

This Rider may be executed in multiple counterparts, each of which shall be deemed to be an original.

CITY OF HOLLYWOOD, a municipal  
corporation of the State of Florida

BY: \_\_\_\_\_  
JOSH LEVY, MAYOR

ATTEST:

\_\_\_\_\_  
PATRICIA A. CERNY, MMC  
CITY CLERK

APPROVED BY:

\_\_\_\_\_  
CINTYA RAMOS, DIRECTOR  
DEPARTMENT OF FINANCIAL  
SERVICES

APPROVED AS TO FORM & LEGAL  
SUFFICIENCY FOR THE USE AND RELIANCE  
OF THE CITY OF HOLLYWOOD, FLORIDA, ONLY.

DOUGLAS R. GONZALES, CITY ATTORNEY

PINNACLE AT PEACEFIELD, LTD., a  
Florida limited partnership

By: PHG-Peacefield, LLC, a Florida  
limited liability company, its general  
partner

By: \_\_\_\_\_  
David O. Deutch, Vice President

## **ATTACHMENT "A" TO EXHIBIT "D-2" - PROMISSORY NOTE**

### **NSP-1 PROMISSORY NOTE**

CITY OF HOLLYWOOD, FLORIDA

FOR VALUE RECEIVED the undersigned, PINNACLE AT PEACEFIELD, LTD, a Florida limited partnership ("MAKER"), promises to pay to the order of THE CITY OF HOLLYWOOD, FLORIDA, a municipal corporation, together with any other holder ("HOLDER") at 2600 Hollywood Blvd., Hollywood, FL 33020, or such other place as HOLDER may from time to time designate in writing, an amount up to Three Hundred Fifty Thousand and 00/100 Dollars (\$350,000.00) in NSP-1 Funds, to be paid in lawful money of the United States of America, as follows:

1. The Property securing such transaction is legally described as: See Exhibit "A" attached.
2. HOLDER is a recipient of Neighborhood Stabilization Program funds from the United States Department of Housing and Urban Development ("HUD").
3. The Loan being provided by HOLDER to MAKER under this Promissory Note is a non-interest bearing deferred payment recourse Loan, which amounts shall be paid by HOLDER to MAKER on a reimbursement basis for Eligible Costs as defined in and in such a manner as provided in the Agreement entered into by HOLDER and MAKER dated \_\_\_\_\_, 20\_\_, ("Funding Agreement"), incorporated herein by reference.
4. No payments shall be due under this Promissory Note and the Loan shall be deferred until the thirty-second (32<sup>nd</sup>) anniversary date of the execution of this Promissory Note by MAKER (the "Maturity Date"), which Maturity Date may be extended in the Mortgagee's sole and absolute discretion as set forth in this Section 4 unless an Acceleration Event (as hereinafter defined) occurs. Upon the earlier of (i) the Maturity Date, or (ii) an Acceleration Event, the total amount of HOME Funds provided to MAKER by HOLDER shall be due and payable to HOLDER under this Promissory Note. Notwithstanding anything contained herein to the contrary, any and all amounts due on the Maturity Date may be forgiven in the sole and absolute discretion of HOLDER.
5. If MAKER fails to utilize the Property for the purpose stated in the Mortgage or the Funding Agreement, or fails to comply with the terms and conditions of the Mortgage or the Funding Agreement (each deemed an "Acceleration Event"), including the thirty (30) year Affordability Period relative to the Project (as defined in the Funding Agreement), which commences on Project Completion, such Acceleration Event shall constitute an event of default under this Promissory Note. Project Completion means all necessary title transfer requirements (if applicable) and all construction work have been performed. In such event, the total amount of NSP-1 Funds previously provided to MAKER under this Promissory Note shall become due and payable to HOLDER at the address specified in the Funding Agreement after MAKER is given notice and a demand to cure as provided in Paragraph 16 of the Mortgage.

Upon default by Maker of any provisions of this obligation or any other obligations encumbering the subject property, terms and conditions of which are set forth in the Mortgage securing this Note, the City may accelerate the balance due and owing by Mortgagor and may avail itself of any and all remedies provided in the Mortgage, including but not limited to acceptance of any payments on the accelerated balance in the amount determined by the City, and Maker recognizes that the City's claim for the accelerated balance is a secured claim for the entire sum then and owing.

6. Notwithstanding Section 4 hereof, if MAKER transfers title to the Property without HOLDER's written consent as provided in Paragraph 21 of the Mortgage, the total amount of NSP-1 Funds previously provided to MAKER under this Promissory Note shall immediately become due and payable to HOLDER as provided in Paragraph 15 of the Mortgage, at the address specified in the Funding Agreement.

7. If a lawsuit is instituted by HOLDER to recover under this Promissory Note, MAKER agrees to pay all costs of such collection including, but not limited to, reasonable attorney's fees and court costs. If this Promissory Note is reduced to judgment, such judgment shall bear the statutory interest rate on judgments set forth in Section 55.03, Florida Statutes.

8. This Promissory Note is secured by the Mortgage executed by MAKER to Holder, of even date herewith, and recorded in the Official Public Records of Broward County, Florida.

9. Demand, protest, and notice of demand and protest are waived and the undersigned waives, to the extent authorized by law, any and all homestead and other exemption rights which otherwise would apply to the debt evidenced by this Promissory Note.

IN WITNESS WHEREOF, MAKER executed this Promissory Note this \_\_\_\_ day of \_\_\_\_\_ 2018.

WITNESSES:

PINNACLE AT PEACEFIELD, LTD., a Florida limited partnership

\_\_\_\_\_  
Signature

By: PHG - Peacefield, LLC, a Florida limited liability company, its general partner

\_\_\_\_\_  
Print Name

By: \_\_\_\_\_  
David O. Deutch, Vice President

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name



STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

I, the undersigned, a Notary Public, in and for said county in said state, hereby certify that David O. Deutch, the Vice President of PHG - Peacefield, LLC, a Florida limited liability company, which is the general partner of PINNACLE AT PEACEFIELD, LTD., a Florida limited partnership, personally appeared before me and is known to me to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as the act of said limited liability company and limited partnership.

IN TESTIMONY WHEREOF, on this \_\_\_\_\_ day of \_\_\_\_\_, 2018, I have hereunto set my hand and affixed my official seal in the County and State aforesaid.

[NOTARIAL SEAL]

\_\_\_\_\_  
\_\_\_\_\_  
Notary Public  
My commission expires:

## **EXHIBIT "A"**

### **Legal Description**

All of Lots 13 Through 17 and Lots 19 Through 21, Block 1, Amended Plat of Hollywood Little Ranches, according to the Plat thereof, as recorded in Plat Book 1, on Page 26 of the Public Records of Broward County, Florida.

Together with:

All of Lots 9 through 19, W.B. Symmes Subdivision, according to the plat thereof, as Recorded In Plat Book 7, on page 7 of the Public Records Of Broward County, Florida.

Also together with:

The West 330.00 feet of Lots 4 and 5, Block M, amended plat of Hollywood Little Ranches, according to the Plat thereof, as recorded in Plat Book 1, on Page 26 of the Public Records of Broward County, Florida.

Said lands situate, lying and being in The City of Hollywood, Broward County, Florida containing 241,550 Square Feet (5.54 Acres) more or less.

## EXHIBIT "D-3"

[delete before recordation as this is a separate document NOT incorporated into the Mortgage]

### **DECLARATION OF RESTRICTIVE COVENANTS FOR NSP-1 MULTI-FAMILY RENTAL UNITS**

THIS DECLARATION OF RESTRICTIVE COVENANTS ("Declaration") is made this day of \_\_\_\_\_, 20\_\_, by PINNACLE AT PEACEFIELD, LTD., a Florida limited partnership ("Declarant"), in favor of THE CITY OF HOLLYWOOD, FLORIDA, a municipal corporation ("CITY").

#### **RECITALS**

WHEREAS, CITY is a recipient of Neighborhood Stabilization Program (the "Program") funds ("NSP-1 Funds") from the United States Department of Housing and Urban Development ("HUD"); and

WHEREAS, Declarant acknowledges that NSP-1 Funds were provided to Declarant pursuant to that certain Agreement ("Funding Agreement") between CITY and PINNACLE AT PEACEFIELD, LTD. dated \_\_\_\_\_, 2018; incorporated herein by reference, for construction of affordable multi-family residential rental units on the property referenced herein ("Property"); said Property located at \_\_\_\_\_ and more specifically described in the legal description attached hereto as Exhibit "A"; NOW, THEREFORE,

Declarant voluntarily covenants and agrees that the Property shall be subject to the following restrictions that are intended and shall be deemed covenants running with the land and binding upon the Declarant, Declarant's assigns, successors, and successors in title to the Property, until expiration of the long-term affordability period set forth in Section 2 hereof:

1. The above recitals are true and correct and are incorporated herein as if fully set forth in full hereunder.
2. Restrictions on Use of the Property. Under the Program, the above-referenced NSP-1 Funds have been provided as a deferred payment loan with no payments due prior to maturity. However, as a condition of the loan, Declarant shall use the Property only for development and operation of affordable multi-family residential rental units. This Declaration of Restrictive Covenants shall remain in effect following Project Completion, until the Affordability Period of thirty (30) years expires. Project Completion means all necessary title transfer requirements (if applicable) and all construction work have been performed.
3. HOME-assisted unit. Declarant shall rent units located on the Property only to Income Eligible Households as defined in and as required by the Funding Agreement for the Affordability Period. The term Income Eligible Household shall refer to a household, as defined in 24 CFR Section 92.2, consisting of a family, as defined in 24 CFR Section 5.403, with an annual anticipated gross income at the time of initial occupancy that does not exceed [sixty percent (60%)] of the median annual income for the area, as determined by HUD, with adjustments for family size for households within the metropolitan statistical

area for Broward County, Florida or the non-metropolitan median for the State, whichever is greater.

4. Severability. If a court of competent jurisdiction determines that any of the provisions of this Declaration are void or unenforceable, the remainder of the provisions of this Declaration shall continue in full force and effect.
5. Recordation. This Declaration shall be recorded in the Official Public Records of Broward County, Florida, immediately following its execution, at Declarant's expense.
6. Right to Inspect Property. It is understood and agreed that any official of CITY has the right at any time during normal CITY business hours to enter upon and investigate the use of the Property, to determine whether Declarant is in compliance with the terms and conditions of this Declaration.
7. Enforcement. An action to enforce the terms and conditions of this Declaration may be brought by CITY and may be, at law or in equity, against any person(s) violating or attempting to violate any provision of this Declaration either to restrain violations or to recover HOME funds under the Promissory Note. This Declaration is made for the benefit of CITY and HUD, and confers upon the CITY, HUD, and their respective successors and assigns the right, without limitation, to enforce the provisions of this Declaration. Any failure by CITY or HUD to insist upon a strict performance of any covenants, restriction, or requirement of this Declaration, or to exercise any option, right, or remedy contained or created in this Declaration, shall not be construed as a waiver or relinquishment for the future of such covenant, restriction, or requirement; rather, the same shall continue and remain in full force and effect.
8. Attorneys' Fees. Any person who successfully brings an action for enforcement of this Declaration shall be entitled to recover reasonable attorneys' fees and costs for such action, including any successful appellate proceedings.
9. Release of Restrictions. This Declaration shall be extinguished and released by CITY in whole, or in part, in accordance with the terms contained herein and in the Funding Agreement.

[Remainder of Page Intentionally Left Blank]

WITNESSES:

Signature

---

---

Print Name \_\_\_\_\_

Signature

---

---

Print Name \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

[NOTARIAL SEAL]

MIADOCS 16974047 11

## **EXHIBIT "A"**

### **Legal Description**

All of Lots 13 Through 17 and Lots 19 Through 21, Block 1, Amended Plat of Hollywood Little Ranches, according to the Plat thereof, as recorded In Plat Book 1, on Page 26 of the Public Records of Broward County, Florida.

Together with:

All of Lots 9 through 19, W.B. Symmes Subdivision, according to the plat thereof, as Recorded In Plat Book 7, on page 7 of the Public Records Of Broward County, Florida.

Also together with:

The West 330.00 feet of Lots 4 and 5, Block M, amended plat of Hollywood Little Ranches, according to the Plat thereof, as recorded in Plat Book 1, on Page 26 of the Public Records of Broward County, Florida.

Said lands situate, lying and being in The City of Hollywood, Broward County, Florida containing 241,550 Square Feet (5.54 Acres) more or less.

**EXHIBIT "D-4"**  
**[delete before recordation]**

**CITY MORTGAGE**

CITY COMMISSION OF CITY OF HOLLYWOOD  
BROWARD COUNTY, FLORIDA

This Mortgage ("Mortgage") is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by PINNACLE AT PEACEFIELD, LTD., a Florida limited partnership ("Mortgagor"), in favor of THE CITY OF HOLLYWOOD, a municipal corporation of the State of Florida ("Mortgagee"), collectively referred to as the "Parties."

WHEREAS, Mortgagor is indebted to Mortgagee in the principal sum of One Hundred Forty-Four Thousand and 00/100 Dollars (\$144,000.00) which indebtedness is evidenced by Mortgagor's Promissory Note dated of even date herewith ("Promissory Note"), providing a deferred payment loan, hereinafter referred to as the ("Loan"), due and payable at the end of the thirty-two (32) year term of the Loan; NOW, THEREFORE,

To secure to Mortgagee (a) the payment of the Loan, and all extensions and modifications of the Promissory Note, (b) the performance of Mortgagor's covenants under this Mortgage and the Promissory Note, attached hereto as Attachment "A," (c) compliance with the terms of the Agreement executed by CITY and Mortgagor on \_\_\_\_ day of \_\_\_\_\_, 20\_\_, incorporated herein by reference ("Funding Agreement"), and all other documents evidencing and/or securing the Loan being hereinafter referred to as the "Loan Documents"). Mortgagor mortgages, grants, and conveys to Mortgagee the Mortgagor's leasehold interest in the property described in Attachment "A," located in Broward County, Florida, together with all improvements now or later erected on the property, and all easements, rights, appurtenances, rents, and all fixtures now or later attached to the property, all of which, including replacements and additions, shall be deemed to be and remain a part of the property covered by this Mortgage, and all of the foregoing shall constitute and refer to the "Property."

Mortgagor covenants that Mortgagor is lawfully seized of the estate conveyed and has the right to mortgage, grant, and convey the Property and that the Property is unencumbered, except for encumbrances of record. Mortgagor warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

This Mortgage is expressly made subject and subordinate to the terms and conditions specified in that certain Mortgage, Assignment of Rents and Leases, Security Agreement, and Fixture Filing from Mortgagor to \_\_\_\_\_ ("First Mortgagee"), dated \_\_\_\_\_, recorded \_\_\_\_\_, in the Official Records Book \_\_\_\_\_, Page \_\_\_\_\_ of the Public Records of Broward CITY, Florida ("First Mortgage"), securing that certain Promissory Note having an original principal face amount of \_\_\_\_\_ and 00/100 Dollars (\$00,000), dated \_\_\_\_\_ ("First Note"), made by Mortgagor payable to the First Mortgagee.

**UNIFORM COVENANTS.** The Parties covenant and agree as follows:

1. **Payment of Promissory Note.** Mortgagor shall pay when due all amounts evidenced by the Promissory Note. Payment due under the Promissory Note and this Mortgage shall be made in U.S. currency. However, if any check or other instrument received by Mortgagee as payment under the Note or this Mortgage is returned to Mortgagee unpaid, Mortgagee may require that any or all subsequent payments due under the Promissory Note and this Mortgage be made in one or more of the following forms, as selected by Mortgagee: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check, or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) electronic funds transfer.

Payments are deemed received by Mortgagee when received at the location designated in the Promissory Note or at such other location as may be designated by Mortgagee in accordance with the notice provision. Mortgagee may return any payment or partial payment if the payment or partial payments are insufficient to bring the Loan current. Mortgagee may accept any payment or partial payment insufficient to bring the Loan current, without waiver of any rights or prejudice to its rights to refuse such payment or partial payments in the future, but Mortgagee is not obligated to apply such payments at the time such payments are accepted.

2. **Charges; Liens.** Mortgagor shall pay all taxes, assessments, and other charges, fines, and impositions attributable to the Property which may attain a priority over this Mortgage. Mortgagor shall promptly furnish to Mortgagee receipts, or other such documents acceptable to Mortgagee, evidencing such payments.

Mortgagor shall not voluntarily create, or permit or suffer to be created or to exist, on or against the mortgaged property, or any part, any lien superior to the lien of this Mortgage, exclusive of the lien or liens, if any to which this Mortgage is expressly subject as set forth above.

3. **Hazard Insurance.** Mortgagor shall keep the improvements now existing or later erected on the Property insured against loss by fire and such other hazards included within the term "extended coverage," and any other hazards, including, but not limited to, earthquakes, floods, for which insurance is required and as Mortgagee may require, in such amounts and for such periods as Mortgagee may require; provided, that Mortgagee shall not require that the amount of such coverage exceed that amount of coverage required to pay the sums secured by this Mortgage.

Unless otherwise required by Mortgagee, all such insurance shall be affected by Standard Fire and Extended Coverage Insurance policies, in amounts not less than necessary to comply with the coinsurance clause percentage of the value applicable to the location and character of the Property to be covered. All such insurance shall be provided by companies approved by Mortgagee, and all policies therefore shall be in such form and shall have attached loss payable clauses in favor of Mortgagee and any other party as shall be satisfactory to Mortgagee. The insurance carrier providing the insurance shall be chosen by Mortgagor, subject to Mortgagee's approval; provided that such approval shall not be unreasonably withheld.

All insurance policies, endorsements and renewals shall be in a form acceptable to Mortgagee and shall include a standard mortgage clause in favor of and in a form acceptable to Mortgagee. Mortgagor shall promptly furnish to Mortgagee all renewal notices and all receipts of paid premiums. In the event of loss, Mortgagor shall give prompt notice to the insurance carrier and Mortgagee, and Mortgagee may make proof of loss if not made promptly by Mortgagor.

Unless the Parties otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided such restoration or repair is economically feasible and the security of this Mortgage is not impaired. If such restoration or repair is not economically feasible or if the security of this Mortgage would be impaired, the insurance proceeds shall be applied to the sums secured by this Mortgage, with the excess, if any, paid to Mortgagor. If the Property is abandoned by Mortgagor or if Mortgagor fails to respond to Mortgagee within thirty (30) days after notice by Mortgagee to Mortgagor that the insurance carrier offers to settle a claim for insurance benefits, Mortgagee is authorized to collect and apply insurance proceeds at Mortgagee's option either to restoration or repair of the Property or to the sums secured by this Mortgage.

During such repair and restoration period, Mortgagee shall have the right to hold such insurance proceeds until Mortgagee has had an opportunity to inspect such Property to ensure the work has been completed to Mortgagee's satisfaction, provided that such inspection shall be undertaken promptly.

If the Property is acquired by Mortgagee, all right, title, and interest of Mortgagor in and to any insurance policies and in and to the proceeds (to the extent of the sums secured by this Mortgage



immediately prior to such sale or acquisition) resulting from damage to the Property prior to the sale or acquisition shall pass to Mortgagee.

4. **Preservation and Maintenance of Property.** Mortgagor shall keep the Property in good repair and shall not permit or commit waste, impairment, or deterioration of the Property, and will promptly comply with all the requirements of federal, state, and local governments pertaining to such Property or any part thereof. No building or other structure or improvement, fixture, or personal property mortgaged shall be removed or demolished without the written consent of Mortgagee. Mortgagor shall not make, permit, or suffer any alteration or addition to any building or other structure or improvement now or which may later be erected or installed upon the Property, or any portion thereof, nor will Mortgagor use or permit the use of, any portion of the Property for any purpose other than the purpose(s) for which the same is now intended to be used, without the prior written consent of Mortgagee.

Mortgagee, or its agent, may reasonably enter upon and inspect the Property. If it has reasonable cause, Mortgagee may inspect the interior of the Property, including improvements, if applicable. Mortgagee shall give Mortgagor notice at the time of or prior to such an interior inspection specifying such reasonable cause.

5. **Protection of Mortgagee's Security.** Mortgagee may, at its option, upon notice to Mortgagor, make such appearances, disburse such sums, and take such action as is necessary to protect Mortgagee's interest, if Mortgagor fails to perform the covenants or agreements contained in this Mortgage or the Funding Agreement, or if any action or proceeding is commenced which materially affects Mortgagee's interests in the Property including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankruptcy.

6. **Promissory Note Due.** The total amount of the Promissory Note shall become due at the sole option of Mortgagee: (a) if Mortgagor fails to pay any principal, interest or other amount due as and when required under the Note; or (b) after Mortgagor's failure to demonstrate to Mortgagee, within ten (10) calendar days after demand, receipts showing payment of all taxes, water rates, sewer rates, and assessments; or (c) after the actual or threatened alteration, demolition, or removal of any building on the Property without the written consent of Mortgagee; or (d) after the transfer or assignment of the Property or, any part thereof, without the written consent of Mortgagee; or (e) if the buildings on the Property are not maintained in reasonably good repair after Mortgagor is given notice and demand to cure within a reasonable time as determined by Mortgagee under the circumstances; or (f) after failure to comply with any requirement or order or notice of violation of law or ordinance issued by any governmental entity with jurisdiction over the Property upon notice of said failure by Mortgagee and failure to comply with thirty (30) calendar days of notice by Mortgagee; or (g) in the event of the removal, demolition, or destruction, in whole or in part, of any of the fixtures, chattels, or articles of personal property covered, unless the same are promptly replaced by similar fixtures, chattels, and articles of personal property at least equal in quality and condition to those replaced, free from chattel mortgages or other encumbrances and free from any reservation of title; or (h) the commencement by Borrower of a voluntary case under the United States Bankruptcy Code or any federal or state law relating to bankruptcy, insolvency, reorganization, readjustment of debt liquidation or similar proceeding ("Insolvency Laws"), the acknowledgement in writing by Borrower that it is unable to pay its debts generally as they mature, the making by Borrower of a general assignment for the benefit of creditors, the commencement of an involuntary case against Borrower under any Insolvency Laws which is not dismissed within 90 days of filing or the appointment of a receiver, liquidator, custodian or trustee or similar officer who exercises control over Borrower or substantially all of Borrower's assets who is not discharged or dismissed within 90 days of such appointment; or (i) failure of the Mortgagor to perform, after giving effect to any applicable notice and/or cure period, any covenant, term or condition in any instrument creating a lien upon the Property or any part thereof, which shall have priority over the lien of this Mortgage; or (j) if Mortgagor fails to maintain, observe, and perform any of the other covenants, conditions, or agreements contained in this Mortgage or the Funding Agreement after Mortgagor is given notice and a demand to cure as provided in Paragraph 16.

7. **Actions or Proceedings Commenced.** If any action or proceeding is commenced (except an action to foreclose this Mortgage or to collect the debt secured by this Mortgage), to which action or

proceeding Mortgagee is made a party, or in which it becomes necessary to defend or uphold the lien of this Mortgage, all sums paid by Mortgagee for the expense of any litigation to prosecute or defend the rights and lien created by this Mortgage (including reasonable attorneys' fees), shall be paid by Mortgagor, together with interest at the statutory rate per annum, and any such sum including the related interest shall be a lien on the Property, prior to any right, or title to, interest in or claim upon the Property attaching or accruing subsequent to the lien of this Mortgage, and shall be deemed to be secured by this Mortgage. In any action or proceeding to foreclose this Mortgage, or to recover or collect the debt secured by this Mortgage, the provisions of law relating to the recovery of costs, disbursements, and allowances shall prevail unaffected by this covenant.

8. **Mortgagor's Applications.** Mortgagor shall be in default if, during the Loan application process, Mortgagor or any persons or entities acting at the direction of Mortgagor or with Mortgagor's knowledge or consent, gives materially false, misleading, or inaccurate information or statements to Mortgagee (or failed to provide Mortgagee with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning occupancy of the Property by Income Eligible Households as set forth in the Funding Agreement.

9. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or any part thereof, or for conveyance in lieu of condemnation, are assigned and shall be paid to Mortgagee. The proceeds referred to in this paragraph shall be applied to the sums secured by this Mortgage with the excess, if any, paid to Mortgagor. If the Property is abandoned by Mortgagor, or if, after notice by Mortgagee to Mortgagor that the condemnor offers to make an award or settle a claim for damages, Mortgagor fails to respond to Mortgagee within thirty (30) days after the date the notice is mailed, Mortgagee is authorized to collect and apply the proceeds, at Mortgagee's option, either to restoration or repair of the Property, to the sums secured by this Mortgage.

10. **Mortgagor Not Released; Forbearance by Mortgagee Not a Waiver.** Extension of time for payment, modification, or amortization of the sums secured by this Mortgage granted by Mortgagee to any successor in interest of Mortgagor shall not operate to release, in any manner, the liability of the original Mortgagor and Mortgagor's successor in interest. Mortgagee shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Mortgage by reason of any demand made by the original Mortgagor and Mortgagor's successors in interest. Any forbearance by Mortgagee for exercising any right or remedy, including, without limitation, Mortgagee's acceptance of payments from third persons, entities, or successors in interest or in amounts less than the amount then due, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any right or remedy.

11. **Remedies Cumulative.** All remedies provided in this Mortgage are distinct and cumulative to any other right or remedy under this Mortgage or afforded by law or equity, and may be exercised concurrently, independently, or successively.

12. **Joint and Several Liability; Successors and Assigns Bound; Captions.** Mortgagor covenants and agrees that Mortgagor's obligations and liability shall be joint and several. Any successor in interest of Mortgagor who assumes Mortgagor's obligations under this Mortgage in writing, and is approved by Mortgagee, shall obtain all of Mortgagor's rights and benefits under this Mortgage. Mortgagor shall not be released from Mortgagor's obligations and liability under this Mortgage, unless Mortgagee agrees to such release in writing. The covenants and agreements of this Mortgage shall bind and benefit the successors and assigns of Mortgagee. The captions and headings of the paragraphs of this Mortgage are for convenience only and are not to be used to interpret or define any specific provision.

13. **Notice.** All notices given by Mortgagor or Mortgagee in connection with this Mortgage must be in writing. Any notice to Mortgagor in connection with this Mortgage shall be deemed to have been given to Mortgagor when mailed by first class mail or when actually delivered to Mortgagor's notice address if sent by other means. The notice address shall be the Property address unless Mortgagor has designated a substitute notice address by notice to Mortgagee. Mortgagor shall promptly notify Mortgagee of

Mortgagor's change of address. If Mortgagee specifies a procedure for reporting Mortgagor's change of address, then Mortgagor shall only report a change of address through that specified procedure. There may be only one designated notice address under this Mortgage at any one time. Any notice to Mortgagee shall be given by delivering it or by mailing it by first class mail to Mortgagee's address unless Mortgagee has designated another address by notice to Mortgagor. Any notice in connection with this Mortgage shall not be deemed to have been given to Mortgagee until actually received by Mortgagee. If any notice required by this Mortgage is also required under Florida law, the Florida law requirement will satisfy the corresponding requirement under this Mortgage.

14. **Governing Law; Severability; Rules of Construction.** This Mortgage shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Mortgage are subject to any requirements and limitations of Florida law. Florida law might explicitly or implicitly allow the Parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Mortgage or the Promissory Note conflicts with Florida law, such conflict shall not affect other provisions of this Mortgage or the Promissory Note which can be given effect without the conflicting provision, and to this end the provisions of this Mortgage and the Promissory Note are declared to be severable.

As used in this Mortgage: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

15. **Transfer of the Property; Assumption.** No part of the Property or any interest in the Property shall be sold or transferred by Mortgagor without Mortgagee's consent consistent with Paragraph 21. If Mortgagor sells or transfers any interest or part in the Property without Mortgagee's consent, the sums secured by this Mortgage shall become immediately due and payable. If the amount becomes due and payable, Mortgagee shall mail Mortgagor notice of acceleration. Such Notice shall provide a period of not less than thirty (30) days from the date the notice is received by Mortgagor, for Mortgagor to pay the sums declared due. If Mortgagor fails to pay such sums prior to the expiration of such period, Mortgagee may without further notice or demand on Mortgagor, invoke any available legal remedies.

**NONUNIFORM COVENANTS.** Mortgagor and Mortgagee further covenant and agree as follows:

16. **Acceleration; Remedies.** Upon Mortgagor's breach of any covenant in this Mortgage, the HOME Funding Agreement referenced above or the Promissory Note, including the covenants to pay, when due, any sums secured by this Mortgage shall be accelerated. Mortgagee shall, prior to acceleration, mail notice to Mortgagor as provided in Paragraph 13 identifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than thirty (30) days from the date the notice is received by Mortgagor, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in any action in law or equity, as Mortgagee determines to be most effectual to enforce Mortgagor's obligations, including an action for specific performance, acceleration of the sums secured by this Mortgage, foreclosure by judicial proceeding, and sale of the Property. If the breach is not cured on or before the date specified in the notice, Mortgagee at its option may declare all the sums secured by this Mortgage to be immediately due and payable without further demand and may foreclose this Mortgage by judicial proceeding. Mortgagee shall be entitled to collect in such proceeding all expenses of foreclosure including, but not limited to, reasonable attorney's fees, court costs, costs of documentary evidence, abstracts, and title reports.

17. **Mortgagor's Right to Reinstate.** Notwithstanding Mortgagee's right to acceleration of the sums secured by this Mortgage, Mortgagor shall have the right to have any proceedings begun by Mortgagee to enforce this Mortgage discontinued at any time prior to an entry of a judgment enforcing this Mortgage if: (a) Mortgagor pays Mortgagee all sums which would be then due under this Mortgage had no acceleration occurred; (b) Mortgagor cures all breaches under this Mortgage including the Funding Agreement; (c) Mortgagor pays all reasonable expenses incurred by Mortgagee in enforcing the covenants and agreements of Mortgagor contained in this Mortgage and the Funding Agreement including, but not limited to, attorney's fees; and (d) Mortgagor takes such action as Mortgagee may reasonably require to

ensure that the lien of this Mortgage, Mortgagee's interest in the Property, and Mortgagor's obligation to pay the sums secured by this Mortgage and comply with the terms of the Funding Agreement shall remain in full force and effect.

18. **Default.** After the happening of any default, Mortgagor shall, upon demand of Mortgagee, surrender possession of the Property to Mortgagee, and Mortgagee may enter such property, and let the same, and collect all rents which are due or to become due, and apply the same, after payment of all charges and expenses on account of indebtedness secured by this Mortgage, and all such rents and all leases existing at the time of such default are assigned to Mortgagee as further security for the payment of the indebtedness secured, and Mortgagee may also dispossess, by the usual summary proceedings, any tenant defaulting in the payment of any rent to Mortgagee.

19. **Appointment of a Receiver.** In any action to foreclose this Mortgage, Mortgagee shall be entitled to the appointment of a receiver without notice, as a matter of right and without regard to the value of the Property, or the solvency or insolvency of Mortgagor or other party liable for the payment of the Promissory Note and other indebtedness secured by this Mortgage.

20. **Occupancy.** Mortgagor agrees and understands that the HOME funding is being loaned by Mortgagee to increase the availability of affordable multi-family residential rental units by complementing and expanding existing low income housing initiatives to reduce the cost of housing for Income Eligible Households. As a result, Mortgagor agrees to construct and use the Property as required by the rules and regulations of the United States Department of Housing and Urban Development for the HOME Investment Partnerships ("HOME") Program, and to ensure that all occupants of the HOME-assisted units are qualified as Income Eligible Households. HOME-assisted units shall mean the unit(s) that can receive HOME Funds based on required subsidy limits as set forth in 24 CFR Section 92.250, Subpart F. The term Income Eligible Households shall refer to a household, as defined in 24 CFR Section 92.2, consisting of a family, as defined in 24 CFR Section 5.403, with an annual anticipated gross income that does not exceed fifty percent (50%) of the median annual income for the area, as determined by HUD, with adjustments for family size for households within the metropolitan statistical area for CITY, or the non-metropolitan median for the State, whichever is greater.

21. **Transfer of the Property or a Beneficial Interest in Mortgagor.** "Interest in the Property" means any legal or beneficial interest in the Property including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Mortgagor at a future date to a purchaser.

If all or any part of the Property or any interest in the Property is sold or transferred without Mortgagee's prior written consent, Mortgagee shall require immediate payment in full of all sums secured by this Mortgage. However, this option shall not be exercised by Mortgagee if such exercise is prohibited by federal and state law.

If Mortgagee exercises this option, Mortgagee shall give Mortgagor notice of acceleration. The notice shall provide a period of not less than thirty (30) days from the date the notice is given in accordance with Paragraph 13 within which Mortgagor must pay all sums secured by this Mortgage. If Mortgagor fails to pay these sums prior to the expiration of this period, Mortgagee may invoke any remedies permitted by this Mortgage without further notice or demand on Mortgagor.

This Mortgage and all the covenants, terms and conditions herein contained shall be binding upon and inure to the benefit of the Mortgagor and the heirs, legal representatives and assigns of the Mortgagor, and to the extent permitted by law, every subsequent owner of the Mortgaged Property, and shall be binding and inure to the benefit of the Mortgagee and its assigns. If the Mortgagor, as defined herein, consists of two or more parties, this Mortgage shall constitute a grant and mortgage by all of them jointly and severally, and they shall be obligated jointly and severally under all the provisions hereof and under the Note. The word "Mortgagee" shall include any person, corporation, or other party who may from time to time be the holder of this Mortgage. Wherever used herein, the singular number shall include the plural, the plural

number shall include the singular, and the use of any gender shall be applicable to all genders wherever the sense requires.

22. **Mortgagor's Right to Reinstate After Acceleration.** If Mortgagor meets certain conditions set forth below, Mortgagor shall have the right to have enforcement of this Mortgage discontinued at any time prior to the earliest of (a) five (5) days before sale of the Property pursuant to any power of sale contained in this Mortgage; (b) such other period as federal and state law might specify for the termination of Mortgagor's right to reinstate; or (c) entry of a judgment enforcing this Mortgage. Such conditions require that Mortgagor (a) pays Mortgagee all sums due under this Mortgage and the Promissory Note as if no acceleration had occurred (b) cures any default of any other covenants of agreements; (c) pays all expenses incurred in enforcing this Mortgage including, but not limited to, reasonable attorneys' fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Mortgagee's interest in the Property and rights under this Mortgage; and (d) takes such action as Mortgagee may reasonably require to assure that Mortgagee's interest in the Property and rights under this Mortgage, and Mortgagor's obligation to pay the sums secured by this Mortgage, shall continue unchanged. Mortgagee may require that Mortgagor pay such reinstatement sums and expenses in one or more of the following forms, as selected by Mortgagee: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check, or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, secured instrument, and obligations shall remain fully effective as if no acceleration had occurred.

Neither Mortgagor nor Mortgagee may commence, join, or be joined in any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Mortgage, or that alleges that the other party has breached any provision of, or any duty owed, by reason of this Mortgage, until such Mortgagor or Mortgagee has notified the other party of such alleged breach and afforded the other party a reasonable period after providing such notice to take corrective action. If Florida law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph.

23. **Hazardous Substances.** As used in this Section: (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (b) "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety, or environmental protection; (c) "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law; and (d) an "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

Mortgagor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Mortgagor shall not, nor permit anyone else to do anything affecting the Property (a) that is in violation of any Environmental Law, (b) which creates an Environmental Condition, or (c) which, due to the presence, use, or release of a Hazardous Substance, creates a condition that adversely affects the value of the Property. The preceding two (2) sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property (including, but not limited to, hazardous substances in consumer products).

Mortgagor shall promptly give Mortgagee written notice of (a) any investigation, claim, demand, lawsuit, or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Mortgagor has actual knowledge, (b) any Environmental Condition including, but not limited to, any spilling, leaking, discharge, release, or threat of release of any Hazardous Substance, and (c) any condition caused by the presence, use, or release of a Hazardous Substance which adversely affects the value of the Property. If Mortgagor learns, or is notified by any governmental or regulatory authority, or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Mortgagor shall promptly take all necessary

remedial actions in accordance with Environmental Law. Nothing in this Mortgage shall create any obligation on Mortgagee for an Environmental Cleanup.

24. **Satisfaction.** Upon payment or reduction of all sums secured by this Mortgage and performance of all requirements under the Funding Agreement, Mortgagee shall prepare and execute a Satisfaction of Mortgage. Mortgagor shall pay all costs of recordation, if any.

25. **Attorneys' Fees.** As used in this Mortgage and the Promissory Note, attorneys' fees shall include attorneys' fees awarded by a trial court, an appellate court, and incurred in a bankruptcy proceeding.

26. **Jury Trial Waiver.** Mortgagor waives any right to a trial by jury in any action, proceeding, claim, or counterclaim, whether in contract or tort, at law or in equity, arising out of, or in any way related to, this Mortgage, the Funding Agreement, or the Promissory Note.

27. **Term of Mortgage.** The term of this Mortgage shall be thirty-two (32) years, consistent with the long-term affordability period of thirty (30) years following completion, as provided in the Promissory Note.

28. **Recordation.** This Mortgage shall be recorded in the Public Records of Broward County, Florida, immediately following execution, at Mortgagor's expense.

29. **Mortgagor's Copy.** Mortgagor shall be provided one (1) copy of the executed Promissory Note and this Mortgage.

(Remainder of Page Intentionally Left Blank)

BY SIGNING BELOW, Mortgagor accepts and agrees to the terms and covenants contained in this Mortgage and in any Rider executed by Mortgagor and recorded with it.

IN WITNESS WHEREOF, MORTGAGOR has executed this Mortgage.

WITNESSES:

PINNACLE AT PEACEFIELD, LTD., a  
Florida limited partnership

Signature

By: PHG - Peacefield, LLC, a Florida  
limited liability company, its general  
partner

---

Print Name \_\_\_\_\_

By: \_\_\_\_\_  
David O. Deutch, Vice President

Signature

Print Name \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

I, the undersigned, a Notary Public, in and for said county in said state, hereby certify that David O. Deutch, the Vice President of PHG - Peacefield, LLC, a Florida limited liability company, which is the general partner of PINNACLE AT PEACEFIELD, LTD., a Florida limited partnership, personally appeared before me and is known to me to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as the act of said limited liability company and limited partnership.

IN TESTIMONY WHEREOF, on this \_\_\_\_\_ day of \_\_\_\_\_, 2018,  
I have hereunto set my hand and affixed my official seal in the County and State aforesaid.

[NOTARIAL SEAL]

Notary Public

**My commission expires:**

**RIDER TO MORTGAGE DATED \_\_\_\_\_, 20\_\_, BETWEEN CITY OF HOLLYWOOD (the "Lender") AND PINNACLE AT PEACEFIELD, LTD., A FLORIDA LIMITED PARTNERSHIP (the "Borrower"), CONCERNING PROPERTY LOCATED IN THE CITY OF HOLLYWOOD, FLORIDA, COMMONLY KNOWN AS PINNACLE AT PEACEFIELD (the "Project")**

The Lender agrees to the following terms set forth in this Rider with respect to the \$144,000 CITY's Remaining Loan Funds to the Borrower (the "Loan").

The Lender will give Citibank, N.A., together with its successors and assigns, (the "Investor Limited Partner") a copy of any written notice it gives to the Borrower under the Loan Documents, at the following address:

Citibank, N.A.  
388 Greenwich St, 8th Floor  
New York, NY 10013  
Attention: Mark Sherman

Nixon Peabody LLP  
779 9th Street, NW, Suite 500  
Washington, DC 20001-4501  
Attention: Matthew W. Mullen

TCAM  
30 Federal Street, 6th Floor  
Boston, MA 02110-2508  
Attention: Jenny Netzer

The Lender will give the Investor Limited Partner ten (10) days after the Investor Limited Partner's receipt of such notice to cure a non-payment of any sum due under the Loan Documents.

The Lender will give the Investor Limited Partner thirty (30) days after the Investor Limited Partner's receipt of such notice to cure any other default under the Loan Documents.

If a default is incapable of being cured within thirty (30) days, the Lender will give the Investor Limited Partner such additional time as is reasonably necessary to cure such default provided it has commenced to cure such default within thirty (30) days and diligently proceeds to cure such default.

If the Investor Limited Partner makes any such payment or otherwise cures such default, the Lender will accept such action as curing the respective default under the Loan Documents.



The Lender will permit the Investor Limited Partner to transfer its limited partnership interest in Borrower to any person or entity at any time provided that, if at such the Investor Limited Partner has not made 100% of the capital contributions it is required to make to the Borrower, the Investor Limited Partner shall only have the ability to transfer its investor interest to an organization that has experience investing in low-income housing tax credits within the State of Florida. Investor Limited Partner shall provide the Lender with prompt written notice of such transfer.

With written notice provided to the Lender, the Lender will permit the Investor Limited Partner to remove the general partner of the Borrower in accordance with the Borrower's amended and restated agreement of limited partnership, provided that the substitute general partner shall be acceptable to the Lender in its reasonable discretion. An affiliate of the Investor Limited Partner shall be an acceptable substitute general partner.

Investor Limited Partner is intended to be a direct beneficiary of the covenants set forth in this Rider and shall be entitled to bring an action to enforce the same independent of any rights of the Borrower.

This Rider may be executed in multiple counterparts, each of which shall be deemed to be an original.

CITY OF HOLLYWOOD, a municipal  
corporation of the State of Florida

BY: \_\_\_\_\_  
JOSH LEVY, MAYOR

ATTEST:

\_\_\_\_\_  
PATRICIA A. CERNY, MMC  
CITY CLERK

APPROVED BY:

\_\_\_\_\_  
CINTYA RAMOS, DIRECTOR  
DEPARTMENT OF FINANCIAL  
SERVICES

APPROVED AS TO FORM & LEGAL  
SUFFICIENCY FOR THE USE AND RELIANCE  
OF THE CITY OF HOLLYWOOD, FLORIDA, ONLY.

DOUGLAS R. GONZALES, CITY ATTORNEY

PINNACLE AT PEACEFIELD, LTD., a  
Florida limited partnership

By: PHG-Peacefield, LLC, a Florida  
limited liability company, its general  
partner

By: \_\_\_\_\_  
David O. Deutch, Vice President

## **ATTACHMENT "A" TO EXHIBIT "D-4" - PROMISSORY NOTE**

### **CITY PROMISSORY NOTE**

CITY OF HOLLYWOOD, FLORIDA

FOR VALUE RECEIVED the undersigned, PINNACLE AT PEACEFIELD, LTD, a Florida limited partnership ("MAKER"), promises to pay to the order of THE CITY OF HOLLYWOOD, FLORIDA, a municipal corporation, together with any other holder ("HOLDER") at 2600 Hollywood Blvd., Hollywood, FL 33020, or such other place as HOLDER may from time to time designate in writing, an amount up to One Hundred Forty-Four Dollars and 00/100 Cents (\$144,000.00) in City remaining loan funds, to be paid in lawful money of the United States of America, as follows:

1. The Property securing such transaction is legally described as: See Exhibit "A" attached.
  2. The Loan being provided by HOLDER to MAKER under this Promissory Note is a non-interest bearing deferred payment recourse Loan, which amounts shall be paid by HOLDER to MAKER on a reimbursement basis for Eligible Costs as defined in and in such a manner as provided in the Agreement entered into by HOLDER and MAKER dated \_\_\_\_\_, 20\_\_, ("Funding Agreement"), incorporated herein by reference.
  4. No payments shall be due under this Promissory Note and the Loan shall be deferred until the thirty-second (32<sup>nd</sup>) anniversary date of the execution of this Promissory Note by MAKER (the "Maturity Date"), which Maturity Date may be extended in the Mortgagee's sole and absolute discretion as set forth in this Section 4 unless an Acceleration Event (as hereinafter defined) occurs. Upon the earlier of (i) the Maturity Date, or (ii) an Acceleration Event, the total amount of CITY Funds provided to MAKER by HOLDER shall be due and payable to HOLDER under this Promissory Note. Notwithstanding anything contained herein to the contrary, any and all amounts due on the Maturity Date may be forgiven in the sole and absolute discretion of HOLDER.
  5. If MAKER fails to utilize the Property for the purpose stated in the Mortgage or the Funding Agreement, or fails to comply with the terms and conditions of the Mortgage or the Funding Agreement (each deemed an "Acceleration Event"), including the thirty (30) year Affordability Period relative to the Project (as defined in the Funding Agreement), which commences on Project Completion, such Acceleration Event shall constitute an event of default under this Promissory Note. Project Completion means all necessary title transfer requirements (if applicable) and all construction work have been performed. In such event, the total amount of CITY Remaining Loan Funds previously provided to MAKER under this Promissory Note shall become due and payable to HOLDER at the address specified in the Funding Agreement after MAKER is given notice and a demand to cure as provided in Paragraph 16 of the Mortgage.
- Upon default by Maker of any provisions of this obligation or any other obligations encumbering the subject property, terms and conditions of which are set forth in the Mortgage securing this Note, the City may accelerate the balance due and owing by Mortgagor and may avail itself of any and all remedies provided in the Mortgage, including but not limited to acceptance of any payments on the accelerated balance in the amount determined by the City, and Maker recognizes that the City's claim for the accelerated balance is a secured claim for the entire sum then and owing.
6. Notwithstanding Section 4 hereof, if MAKER transfers title to the Property without HOLDER's written consent as provided in Paragraph 21 of the Mortgage, the total amount of CITY Funds previously provided to MAKER under this Promissory Note shall immediately become due and payable to HOLDER as provided in Paragraph 15 of the Mortgage, at the address specified in the Funding Agreement.
  7. If a lawsuit is instituted by HOLDER to recover under this Promissory Note, MAKER agrees to pay all costs of such collection including, but not limited to, reasonable attorney's fees and court costs. If this

Promissory Note is reduced to judgment, such judgment shall bear the statutory interest rate on judgments set forth in Section 55.03, Florida Statutes.

8. This Promissory Note is secured by the Mortgage executed by MAKER to Holder, of even date herewith, and recorded in the Official Public Records of Broward County, Florida.

9. Demand, protest, and notice of demand and protest are waived and the undersigned waives, to the extent authorized by law, any and all homestead and other exemption rights which otherwise would apply to the debt evidenced by this Promissory Note.

IN WITNESS WHEREOF, MAKER executed this Promissory Note this \_\_\_\_ day of \_\_\_\_\_ 2018.

WITNESSES:

PINNACLE AT PEACEFIELD, LTD., a Florida limited partnership

\_\_\_\_\_  
Signature

By: PHG - Peacefield, LLC, a Florida limited liability company, its general partner

\_\_\_\_\_  
Print Name

By: \_\_\_\_\_  
David O. Deutch, Vice President

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

I, the undersigned, a Notary Public, in and for said county in said state, hereby certify that David O. Deutch, the Vice President of PHG - Peacefield, LLC, a Florida limited liability company, which is the general partner of PINNACLE AT PEACEFIELD, LTD., a Florida limited partnership, personally appeared before me and is known to me to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as the act of said limited liability company and limited partnership.

IN TESTIMONY WHEREOF, on this \_\_\_\_\_ day of \_\_\_\_\_, 2018, I have hereunto set my hand and affixed my official seal in the County and State aforesaid.

[NOTARIAL SEAL]

\_\_\_\_\_  
\_\_\_\_\_  
Notary Public  
My commission expires:

## **EXHIBIT "A"**

### **Legal Description**

All of Lots 13 Through 17 and Lots 19 Through 21, Block 1, Amended Plat of Hollywood Little Ranches, according to the Plat thereof, as recorded in Plat Book 1, on Page 26 of the Public Records of Broward County, Florida.

Together with:

All of Lots 9 through 19, W.B. Symmes Subdivision, according to the plat thereof, as Recorded In Plat Book 7, on page 7 of the Public Records Of Broward County, Florida.

Also together with:

The West 330.00 feet of Lots 4 and 5, Block M, amended plat of Hollywood Little Ranches, according to the Plat thereof, as recorded in Plat Book 1, on Page 26 of the Public Records of Broward County, Florida.

Said lands situate, lying and being in The City of Hollywood, Broward County, Florida containing 241,550 Square Feet (5.54 Acres) more or less.

**EXHIBIT “D-5”**

Prepared by, and after recording  
return to:

---

---

---

---

**SUBORDINATION AGREEMENT**

**GOVERNMENTAL ENTITY**

**(Revised 10-1-2018)**

Freddie Mac Loan Number: \_\_\_\_\_  
Property Name: \_\_\_\_\_

## SUBORDINATION AGREEMENT

### GOVERNMENTAL ENTITY

(Revised 10-30-2018)

THIS SUBORDINATION AGREEMENT (“**Agreement**”) is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between (i) **CITIBANK, N.A.**, a national banking association (“**Senior Lender**”) and (ii) **THE CITY OF HOLLYWOOD**, a municipal corporation organized and existing under the laws of the State of Florida (“**Subordinate Lender**”).

### RECITALS

- A. Pinnacle at Peacefield, Ltd., a limited partnership organized under the laws of the State of Florida (“**Borrower**”) is the owner of certain land located in Broward County, Florida, described in Exhibit A (“**Land**”). The Land is improved with a multifamily rental housing project (“**Improvements**”).
- B. Senior Lender has made or is making a loan to Borrower in the original principal amount of **[\$22,200,000 as to construction loan and \$3,500,000 as to the permanent loan]** (“**Senior Loan**”) upon the terms and conditions of a **[Construction Loan Agreement (as to the construction loan) and Multifamily Loan and Security Agreement (as to the permanent loan)]** dated as of \_\_\_\_\_ between Senior Lender and Borrower (“**Senior Loan Agreement**”) in connection with the Mortgaged Property. The Senior Loan is secured by a Multifamily Mortgage, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date of the Senior Loan Agreement (“**Senior Mortgage**”) encumbering the Land, the Improvements and related personal and other property described and defined in the Senior Mortgage as the “**Mortgaged Property**.”
- C. Pursuant to an Agreement Providing HOME, NSP-1 Program Funds and CITY funds dated [as of] \_\_\_\_\_ between Subordinate Lender and Borrower (“**Subordinate Loan Agreement**”), Subordinate Lender has made or is making a loan to Borrower in the original principal amount of **[\$84,000 as to HOME, \$350,000 as to NSP-1, and \$144,000 as to CITY Remaining Loan Funds]** (“**Subordinate Loan**”). The Subordinate Loan is or will be evidenced a Promissory Note in the original principal amount of **[\$84,000 as to HOME, \$350,000 as to NSP-1, and \$144,000 CITY Remaining Loan Funds]** payable to the order of Subordinate Lender and secured by a **[HOME Mortgage (as to HOME Loan) and NSP-1 Mortgage (as to NSP-1 Loan) and CITY Mortgage (as to City Remaining Loan Funds)]** dated [as of] \_\_\_\_\_ (“**Subordinate Mortgage**”) encumbering all or a portion of the Mortgaged Property.



- D. The Senior Mortgage [is] [will be] recorded in the Public Records of Broward County, Florida (“**Recording Office**”) at **[INSERT RECORDING INFORMATION IF KNOWN]**. The Subordinate Mortgage [is] [will be] recorded in the Recording Office at **[INSERT RECORDING INFORMATION IF KNOWN]** **[INCLUDE IF SUBORDINATE MORTGAGE IS NOT ALREADY OF RECORD]** following the recording of the Senior Mortgage].
- E. The execution and delivery of this Agreement is a condition of Senior Lender’s making of the Senior Loan.

## **AGREEMENT**

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

1. **Definitions.** The following terms, when used in this Agreement (including, as appropriate, when used in the above recitals), will have the following meanings:

The terms “**Condemnation**,” “**Imposition Deposits**,” “**Impositions**,” “**Leases**,” “**Rents**” and “**Restoration**,” as well as any term used in this Agreement and not otherwise defined in this Agreement, will have the meanings given to those terms in the Senior Loan Agreement.

“**Bankruptcy Proceeding**” means any bankruptcy, reorganization, insolvency, composition, restructuring, dissolution, liquidation, receivership, assignment for the benefit of creditors, or custodianship action or proceeding under any federal or state law with respect to Borrower, any guarantor of any of the Senior Indebtedness, any of their respective properties, or any of their respective partners, members, officers, directors, or shareholders.

“**Borrower**” means all persons or entities identified as “Borrower” in the first Recital of this Agreement, together with their successors and assigns, and any other person or entity who acquires title to the Mortgaged Property after the date of this Agreement; provided that the term “Borrower” will not include Senior Lender if Senior Lender acquires title to the Mortgaged Property.

“**Casualty**” means the occurrence of damage to or loss of all or any portion of the Mortgaged Property by fire or other casualty.

“**Enforcement Action**” means any of the following actions taken by or at the direction of Subordinate Lender: the acceleration of all or any part of the Subordinate Indebtedness, the advertising of or commencement of any foreclosure or trustee’s sale proceedings, the exercise of any power of sale, the acceptance of a deed or assignment in lieu of foreclosure or sale, the collecting of Rents, the obtaining of or seeking of the appointment of a receiver, the seeking of default interest, the taking of possession or control of any of the Mortgaged

Property, the commencement of any suit or other legal, administrative, or arbitration proceeding based upon the Subordinate Note or any other of the Subordinate Loan Documents, the exercising of any banker's lien or rights of set-off or recoupment, or the exercise of any other remedial action against Borrower, any other party liable for any of the Subordinate Indebtedness or obligated under any of the Subordinate Loan Documents, or the Mortgaged Property.

**"Enforcement Action Notice"** means a Notice given from Subordinate Lender to Senior Lender following one or more Subordinate Mortgage Default(s) and the expiration of any applicable notice or cure periods, setting forth in reasonable detail the Subordinate Mortgage Default(s) and the Enforcement Actions proposed to be taken by Subordinate Lender.

**"Lien"** means any lien, encumbrance, estate or other interest, recorded against or secured by the Mortgaged Property.

**"Loss Proceeds"** means all monies received or to be received under any insurance policy, from any condemning authority, or from any other source, as a result of any Condemnation or Casualty.

**"Notice"** means all notices, requests, demands, consents, approvals or other communication pursuant to this Agreement provided in accordance with the provisions of Section 10.

**"Regulatory Agreement"** means the Declaration of Restrictive Covenants for Multifamily Units between Borrower and Subordinate Lender dated [as of] \_\_\_\_\_, \_\_\_\_\_ and [recorded] [to be recorded] [at] **INSERT RECORDING INFORMATION IF AVAILABLE** in the Recording Office of Broward, County, Florida.

**"Senior Indebtedness"** means the "Indebtedness" as defined in the Senior Loan Agreement.

**"Senior Lender"** means the "Lender" as defined in the Senior Mortgage. When any other person or entity becomes the legal holder of the Senior Note, such other person or entity will automatically become Senior Lender.

**"Senior Loan Documents"** means the "Loan Documents" as defined in the Senior Loan Agreement, as such documents may be amended.

**"Senior Mortgage Default"** means any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of Notice or the passage of time, or both, would constitute, an "Event of Default" as defined in the Senior Loan Agreement.

**"Senior Note"** means the promissory note or other evidence of the Senior Indebtedness and any replacement of the Senior Note.

**“Subordinate Indebtedness”** means all sums evidenced or secured or guaranteed by, or otherwise due and payable to Subordinate Lender pursuant to, the Subordinate Loan Documents.

**“Subordinate Lender”** means the person or entity named as such in the first paragraph of this Agreement and any other person or entity who becomes the legal holder of the Subordinate Note after the date of this Agreement.

**“Subordinate Loan Documents”** means the Subordinate Mortgage, the Subordinate Note, the Subordinate Loan Agreement, the Regulatory Agreement and all other documents at any time evidencing, securing, guaranteeing, or otherwise delivered in connection with the Subordinate Indebtedness, as such documents may be amended.

**“Subordinate Mortgage Default”** means any act, failure to act, event, condition, or occurrence which allows (but for any contrary provision of this Agreement), Subordinate Lender to take an Enforcement Action.

**“Subordinate Note”** means the promissory note or other evidence of the Subordinate Indebtedness and any replacement of the Subordinate Note.

**“Surplus Cash”** means, with respect to any period, any revenues of Borrower remaining after paying, or setting aside funds for paying, all the following:

- (a) All sums due or currently required to be paid under the Senior Loan Documents, including any reserves and Imposition Deposits.
- (b) All reasonable operating expenses of the Mortgaged Property, including real estate taxes, insurance premiums, utilities, building maintenance, painting and repairs, management fees, payroll, administrative expenses, legal expenses and audit expenses (excluding any developer fees payable with respect to the Mortgaged Property).

## **2. Subordinate Lender’s Representations and Warranties.**

- (a) Subordinate Lender represents and warrants that each of the following is true as of the date of this Agreement:
  - (i) Subordinate Lender is now the owner and holder of the Subordinate Loan Documents.
  - (ii) No Subordinate Mortgage Default has occurred and is continuing.
  - (iii) The current unpaid principal balance of the Subordinate Indebtedness is \$\_\_\_\_\_.
  - (iv) No scheduled payments under the Subordinate Note have been prepaid.

- (b) Without the prior written consent of Senior Lender, Subordinate Lender will not do any of the following:
  - (i) Pledge, assign, transfer, convey, or sell any interest in the Subordinate Indebtedness or any of the Subordinate Loan Documents.
  - (ii) Take any action which has the effect of increasing the Subordinate Indebtedness, except to cure a Senior Mortgage Default as contemplated under Section 5(a) of this Agreement.
  - (iii) Accept any prepayment of the Subordinate Indebtedness.

### **3. Terms of Subordination.**

- (a) Agreement to Subordinate. The Subordinate Indebtedness is and will at all times continue to be subject and subordinate in right of payment to the prior payment in full of the Senior Indebtedness. Each of the Subordinate Loan Documents is, and will at all times remain, subject and subordinate in all respects to the liens, terms, covenants, conditions, operations, and effects of each of the Senior Loan Documents.
- (b) Subordination of Subrogation Rights. If Subordinate Lender, by indemnification, subrogation or otherwise, acquires any Lien on any of the Mortgaged Property, then that Lien will be fully subject and subordinate to the receipt by Senior Lender of payment in full of the Senior Indebtedness, and to the Senior Loan Documents, to the same extent as the Subordinate Indebtedness and the Subordinate Loan Documents are subordinate pursuant to this Agreement.
- (c) Payments Before Senior Loan Default. Until the occurrence of a Senior Mortgage Default, Subordinate Lender will be entitled to retain for its own account all payments of the principal of and interest on the Subordinate Indebtedness pursuant to the Subordinate Loan Documents; provided that Subordinate Lender expressly agrees that it will not accept any such payment that is made more than 10 days in advance of its due date and provided further that Subordinate Lender will not accept any payment in an amount that exceeds 75% of then available Surplus Cash.
- (d) Payments After Senior Loan Default or Bankruptcy.
  - (i) Immediately upon Subordinate Lender's receipt of Notice or actual knowledge of a Senior Mortgage Default, Subordinate Lender will not accept any payments of the Subordinate Indebtedness, and the provisions of Section 3(d) of this Agreement will apply.
  - (ii) If Subordinate Lender receives any of the following, whether voluntarily or by action of law, after a Senior Mortgage Default of which Subordinate

Lender has actual knowledge (or is deemed to have actual knowledge as provided in Section 4(c)) or has been given Notice, such will be received and held in trust for Senior Lender:

- (A) Any payment, property, or asset of any kind or in any form in connection with the Subordinate Indebtedness.
  - (B) Any proceeds from any Enforcement Action.
  - (C) Any payment, property, or asset in or in connection with any Bankruptcy Proceeding.
- (iii) Subordinate Lender will promptly remit, in kind and properly endorsed as necessary, all such payments, properties, and assets described in Section 3(d)(ii) to Senior Lender. Senior Lender will apply any payment, asset, or property so received from Subordinate Lender to the Senior Indebtedness in such order, amount (with respect to any asset or property other than immediately available funds), and manner as Senior Lender determines in its sole and absolute discretion.
- (e) Bankruptcy. Without the prior written consent of Senior Lender, Subordinate Lender will not commence, or join with any other creditor in commencing, any Bankruptcy Proceeding. In the event of a Bankruptcy Proceeding, Subordinate Lender will not vote affirmatively in favor of any plan of reorganization or liquidation unless Senior Lender has also voted affirmatively in favor of such plan.

#### **4. Default Under Subordinate Loan Documents.**

- (a) Notice of Subordinate Loan Default and Cure Rights.
- (i) Subordinate Lender will deliver to Senior Lender a copy of each Notice delivered by Subordinate Lender pursuant to the Subordinate Loan Documents within 5 Business Days of sending such Notice to Borrower. Neither giving nor failing to give a Notice to Senior Lender pursuant to this Section 4(a) will affect the validity of any Notice given by Subordinate Lender to Borrower.
  - (ii) For a period of 90 days following delivery to Senior Lender of an Enforcement Action Notice, Senior Lender will have the right, but not the obligation, to cure any Subordinate Mortgage Default. However, if such Subordinate Mortgage Default is a non-monetary default and is not capable of being cured within such 90-day period and Senior Lender has commenced and is diligently pursuing such cure to completion, Senior Lender will have such additional period of time as may be required to cure such Subordinate Mortgage Default or until such time, if ever, as Senior Lender takes either of the following actions:

- (A) Discontinues its pursuit of any cure.
    - (B) Delivers to Subordinate Lender Senior Lender's written consent to the Enforcement Action described in the Enforcement Action Notice.
  - (iii) Senior Lender will not be subrogated to the rights of Subordinate Lender under the Subordinate Loan Documents as a result of Senior Lender having cured any Subordinate Mortgage Default.
  - (iv) Subordinate Lender acknowledges that all amounts advanced or expended by Senior Lender in accordance with the Senior Loan Documents or to cure a Subordinate Mortgage Default will be added to and become a part of the Senior Indebtedness and will be secured by the lien of the Senior Mortgage.
- (b) Subordinate Lender's Exercise of Remedies After Notice to Senior Lender.
- (i) In the event of a Subordinate Mortgage Default, Subordinate Lender will not commence any Enforcement Action until 90 days after Subordinate Lender has delivered to Senior Lender an Enforcement Action Notice. During such 90-day period or such longer period as provided in Section 4(a), Subordinate Lender will be entitled to seek specific performance to enforce covenants and agreements of Borrower relating to income, rent, or affordability restrictions contained in the Regulatory Agreement, subject to Senior Lender's right to cure a Subordinate Mortgage Default set forth in Section 4(a).
  - (ii) Subordinate Lender may not commence any other Enforcement Action, including any foreclosure action under the Subordinate Loan Documents, until the earlier of:
    - (A) The expiration of such 90-day period or such longer period as provided in Section 4(a).
    - (B) The delivery by Senior Lender to Subordinate Lender of Senior Lender's written consent to such Enforcement Action by Subordinate Lender.
  - (iii) Subordinate Lender acknowledges that Senior Lender may grant or refuse consent to Subordinate Lender's Enforcement Action in Senior Lender's sole and absolute discretion. At the expiration of such 90-day period or such longer period as provided in Section 4(a) and, subject to Senior Lender's right to cure set forth in Section 4(a), Subordinate Lender may commence any Enforcement Action.

- (iv) Senior Lender may pursue all rights and remedies available to it under the Senior Loan Documents, at law, or in equity, regardless of any Enforcement Action Notice or Enforcement Action by Subordinate Lender. No action or failure to act on the part of Senior Lender in the event of a Subordinate Mortgage Default or commencement of an Enforcement Action will constitute a waiver on the part of Senior Lender of any provision of the Senior Loan Documents or this Agreement.
- (c) Cross Default. Subordinate Lender acknowledges that a Subordinate Mortgage Default constitutes a Senior Mortgage Default. Accordingly, upon the occurrence of a Subordinate Mortgage Default, Subordinate Lender will be deemed to have actual knowledge of a Senior Mortgage Default. If Subordinate Lender notifies Senior Lender in writing that any Subordinate Loan Default of which Senior Lender has received Notice has been cured or waived, as determined by Subordinate Lender in its sole discretion, then provided that Senior Lender has not conducted a sale of the Mortgaged Property pursuant to its rights under the Senior Loan Documents, any Senior Loan Default under the Senior Loan Documents arising solely from such Subordinate Loan Default will be deemed cured, and the Senior Loan will be reinstated.

## **5. Default Under Senior Loan Documents.**

- (a) Notice of Senior Loan Default and Cure Rights.
  - (i) Senior Lender will deliver to Subordinate Lender a copy of any Notice sent by Senior Lender to Borrower of a Senior Mortgage Default within 5 Business Days of sending such Notice to Borrower. Failure of Senior Lender to send Notice to Subordinate Lender will not prevent the exercise of Senior Lender's rights and remedies under the Senior Loan Documents.
  - (ii) Subordinate Lender will have the right, but not the obligation, to cure any monetary Senior Mortgage Default within 30 days following the date of such Notice. During such 30-day period Senior Lender will be entitled to continue to pursue its remedies under the Senior Loan Documents.
  - (iii) Subordinate Lender may, within 90 days after the date of the Notice, cure a non-monetary Senior Mortgage Default if during such 90-day period, Subordinate Lender keeps current all payments required under the Senior Loan Documents. If such a non-monetary Senior Mortgage Default creates an unacceptable level of risk relative to the Mortgaged Property, or Senior Lender's secured position relative to the Mortgaged Property, as determined by Senior Lender in its sole discretion, then during such 90-day period Senior Lender may exercise all available rights and remedies to protect and preserve the Mortgaged Property and the Rents, revenues and other proceeds from the Mortgaged Property.

- (iv) All amounts paid by Subordinate Lender to Senior Lender to cure a Senior Mortgage Default will be deemed to have been advanced by Subordinate Lender pursuant to, and will be secured by the lien of, the Subordinate Mortgage. Notwithstanding anything in this Section 5(a) to the contrary, Subordinate Lender's right to cure any Senior Mortgage Default will terminate immediately upon the occurrence of any Bankruptcy Proceeding.
- (b) Release of Mortgaged Property.
  - (i) Subordinate Lender consents to and authorizes any future release by Senior Lender of all or any portion of the Mortgaged Property from the lien, operation, and effect of the Senior Loan Documents. Subordinate Lender waives to the fullest extent permitted by law, all equitable or other rights it may have in connection with the release of all or any portion of the Mortgaged Property, including any right to require Senior Lender to do any of the following:
    - (A) To conduct a separate sale of any portion of the Mortgaged Property.
    - (B) To exhaust its remedies against all or any portion of the Mortgaged Property or any combination of portions of the Mortgaged Property or any other collateral for the Senior Indebtedness.
    - (C) To proceed against Borrower, any other party that may be liable for any of the Senior Indebtedness (including any general partner of Borrower if Borrower is a partnership), all or any portion of the Mortgaged Property or combination of portions of the Mortgaged Property or any other collateral, before proceeding against all or such portions or combination of portions of the Mortgaged Property as Senior Lender determines.
  - (ii) Subordinate Lender consents to and authorizes, at the option of Senior Lender, the sale, either separately or together, of all or any portion of the Mortgaged Property. Subordinate Lender acknowledges that without Notice to Subordinate Lender and without affecting any of the provisions of this Agreement, Senior Lender may do any of the following:
    - (A) Extend the time for or waive any payment or performance under the Senior Loan Documents.
    - (B) Modify or amend in any respect any provision of the Senior Loan Documents.
    - (C) Modify, exchange, surrender, release, and otherwise deal with any additional collateral for the Senior Indebtedness.



**6. Conflicts.** If there is any conflict or inconsistency between the terms of the Subordinate Loan Documents and the terms of this Agreement, then the terms of this Agreement will control. Borrower acknowledges that the terms and provisions of this Agreement will not, and will not be deemed to do any of the following:

- (a) Extend Borrower's time to cure any Senior Loan Default or Subordinate Loan Default.
- (b) Give Borrower the right to receive notice of any Senior Loan Default or Subordinate Loan Default, other than that, if any, provided, respectively under the Senior Loan Documents of the Subordinate Loan Documents.
- (c) Create any other right or benefit for Borrower as against Senior Lender or Subordinate Lender.

**7. Rights and Obligations of Subordinate Lender Under the Subordinate Loan Documents and of Senior Lender under the Senior Loan Documents.**

(a) Insurance.

- (i) All requirements pertaining to insurance under the Subordinate Loan Documents (including requirements relating to amounts and types of coverages, deductibles and special endorsements) will be deemed satisfied if Borrower complies with the insurance requirements under the Senior Loan Documents and of Senior Lender.
- (ii) All original policies of insurance required pursuant to the Senior Loan Documents will be held by Senior Lender.
- (iii) Nothing in this Section 7(a) will preclude Subordinate Lender from requiring that it be named as a mortgagee and loss payee, as its interest may appear, under all policies of property damage insurance maintained by Borrower with respect to the Mortgaged Property, provided such action does not affect the priority of payment of Loss Proceeds, or that Subordinate Lender be named as an additional insured under all policies of liability insurance maintained by Borrower with respect to the Mortgaged Property.

(b) Condemnation or Casualty.

In the event of a Condemnation or a Casualty, the following provisions will apply:

- (i) The rights of Subordinate Lender (under the Subordinate Loan Documents or otherwise) to participate in any proceeding or action relating to a Condemnation or a Casualty, or to participate or join in any settlement of, or to adjust, any claims resulting from a Condemnation or a Casualty, will be and remain subordinate in all respects to Senior Lender's rights under

the Senior Loan Documents, and Subordinate Lender will be bound by any settlement or adjustment of a claim resulting from a Condemnation or a Casualty made by Senior Lender.

- (ii) All Loss Proceeds will be applied either to payment of the costs and expenses of Restoration or to payment on account of the Senior Indebtedness, as and in the manner determined by Senior Lender in its sole discretion; provided however, Senior Lender agrees to consult with Subordinate Lender in determining the application of Casualty proceeds. In the event of any disagreement between Senior Lender and Subordinate Lender over the application of Casualty proceeds, the decision of Senior Lender, in its sole discretion, will prevail.
  - (iii) If Senior Lender holds Loss Proceeds, or monitors the disbursement of Loss Proceeds, Subordinate Lender will not do so. Nothing contained in this Agreement will be deemed to require Senior Lender to act for or on behalf of Subordinate Lender in connection with any Restoration or to hold or monitor any Loss Proceeds in trust for or otherwise on behalf of Subordinate Lender, and all or any Loss Proceeds may be commingled with any funds of Senior Lender.
  - (iv) If Senior Lender elects to apply Loss Proceeds to payment on account of the Senior Indebtedness, and if the application of such Loss Proceeds results in the payment in full of the entire Senior Indebtedness, any remaining Loss Proceeds held by Senior Lender will be paid to Subordinate Lender unless another party has asserted a claim to the remaining Loss Proceeds.
- (c) Modification of Subordinate Loan Documents. Subordinate Lender agrees that, until the principal of, interest on and all other amounts payable under the Senior Loan Documents have been paid in full, it will not, without the prior written consent of Senior Lender, increase the amount of the Subordinate Loan, increase the required payments due under the Subordinate Loan, decrease the term of the Subordinate Loan, increase the interest rate on the Subordinate Loan, or otherwise amend the Subordinate Loan terms in a manner that creates an adverse effect upon Senior Lender under the Senior Loan Documents. If Subordinate Lender either (i) amends the Subordinate Loan Documents in the manner set forth above or (ii) assigns the Subordinate Loan without Senior Lender's consent then such amendment or assignment will be void ab initio and of no effect whatsoever.
- (d) Modification of Senior Loan Documents. Senior Lender may amend, waive, postpone, extend, renew, replace, reduce or otherwise modify any provisions of the Senior Loan Documents without the necessity of obtaining the consent of or providing Notice to Subordinate Lender, and without affecting any of the provisions of this Agreement. Notwithstanding the foregoing, Senior Lender may not modify any provision of the Senior Loan Documents that increases the Senior Indebtedness, except for increases in the Senior Indebtedness that result from

advances made by Senior Lender to protect the security or lien priority of Senior Lender under the Senior Loan Documents or to cure defaults under the Subordinate Loan Documents.

- (e) Commercial or Retail Leases. If requested, Subordinate Lender will enter into attornment and non-disturbance agreements with all tenants under commercial or retail Leases, if any, to whom Senior Lender has granted attornment and non-disturbance, on the same terms and conditions given by Senior Lender.
  - (f) Consent Rights. Whenever the Subordinate Loan Documents give Subordinate Lender approval or consent rights with respect to any matter, and a right of approval or consent for the same or substantially the same matter is also granted to Senior Lender pursuant to the Senior Loan Documents or otherwise, Senior Lender's approval or consent or failure to approve or consent will be binding on Subordinate Lender. None of the other provisions of Section 7 are intended to be in any way in limitation of the provisions of this Section 7(f).
  - (g) Escrows. Except as provided in this Section 7(g), and regardless of any contrary provision in the Subordinate Loan Documents, Subordinate Lender will not collect any escrows for any cost or expense related to the Mortgaged Property or for any portion of the Subordinate Indebtedness. However, if Senior Lender is not collecting escrow payments for one or more Impositions, Subordinate Lender may collect escrow payments for such Impositions; provided that all payments so collected by Subordinate Lender will be held in trust by Subordinate Lender to be applied only to the payment of such Impositions.
  - (h) Certification. Within 10 days after request by Senior Lender, Subordinate Lender will furnish Senior Lender with a statement, duly acknowledged and certified setting forth the then-current amount and terms of the Subordinate Indebtedness, confirming that there exists no default under the Subordinate Loan Documents (or describing any default that does exist), and certifying to such other information with respect to the Subordinate Indebtedness as Senior Lender may request.
8. **Refinancing.** Subordinate Lender agrees that its agreement to subordinate under this Agreement will extend to any new mortgage debt which is for the purpose of refinancing all or any part of the Senior Indebtedness (including reasonable and necessary costs associated with the closing and/or the refinancing, and any reasonable increase in proceeds for rehabilitation in the context of a preservation transaction). All terms and covenants of this Agreement will inure to the benefit of any holder of any such refinanced debt, and all references to the Senior Loan Documents and Senior Lender will mean, respectively, the refinance loan documents and the holder of such refinanced debt.
9. **Governmental Powers.** Nothing in this Agreement is intended, nor will it be construed, to in any way limit the exercise by Subordinate Lender of its governmental powers (including police, regulatory and taxing powers) with respect to Borrower or the Mortgaged

Property to the same extent as if it were not a party to this Agreement or the transactions contemplated by this Agreement.

## **10. Notices.**

- (a) Any Notice required or permitted to be given pursuant to this Agreement will be in writing and will be deemed to have been duly and sufficiently given if (i) personally delivered with proof of delivery (any Notice so delivered will be deemed to have been received at the time so delivered), or (ii) sent by a national overnight courier service (such as FedEx) designating earliest available delivery (any Notice so delivered will be deemed to have been received on the next Business Day following receipt by the courier), or (iii) sent by United States registered or certified mail, return receipt requested, postage prepaid, at a post office regularly maintained by the United States Postal Service (any Notice so sent will be deemed to have been received on the date of delivery as confirmed by the return receipt), addressed to the respective parties as follows:

Notices intended for Senior Lender will be addressed to:

[Name]  
[Address]  
Attention:

Notices intended for Subordinate Lender will be addressed to:

[Name]  
[Address]  
Attention:

Copies of any notices given by or to either Senior Lender or Subordinate Lender shall be simultaneously given to Borrower and Citibank, N.A., as Borrower's Investor Limited Partner addressed to:

Pinnacle at Peacefield, Ltd.  
9400 S. Dadeland Blvd., Suite 100  
Miami, FL 33156  
Attention: David O. Deutch

Citibank, N.A.  
388 Greenwich St, 8th Floor  
New York, NY 10013  
Attention: Mark Sherman

Nixon Peabody LLP  
779 9th Street, NW, Suite 500  
Washington, DC 20001-4501

Attention: Matthew W. Mullen

TCAM  
30 Federal Street, 6th Floor  
Boston, MA 02110-2508  
Attention: Jenny Netzer

- (b) Any party, by Notice given pursuant to this Section 10, may change the person or persons and/or address or addresses, or designate an additional person or persons or an additional address or addresses, for its Notices, but Notice of a change of address will only be effective upon receipt. Neither party will refuse or reject delivery of any Notice given in accordance with this Section 10.

## **11. Miscellaneous Provisions.**

- (a) Assignments/Successors. This Agreement will be binding upon and will inure to the benefit of the respective legal successors and permitted assigns of the parties to this Agreement. No other party will be entitled to any benefits under this Agreement, whether as a third-party beneficiary or otherwise. This Agreement may be assigned at any time by Senior Lender to any subsequent holder of the Senior Note.
- (b) No Partnership or Joint Venture. Nothing in this Agreement or in any of the Senior Loan Documents or Subordinate Loan Documents will be deemed to constitute Senior Lender as a joint venturer or partner of Subordinate Lender.
- (c) Further Assurances. Upon Notice from Senior Lender, Subordinate Lender will execute and deliver such additional instruments and documents, and will take such actions, as are required by Senior Lender to further evidence or implement the provisions and intent of this Agreement.
- (d) Amendment. This Agreement may be amended, changed, modified, altered or terminated only by a written instrument signed by the parties to this Agreement or their successors or assigns.
- (e) Governing Law. This Agreement will be governed by the laws of the State in which the Land is located.
- (f) Severable Provisions. If any one or more of the provisions contained in this Agreement, or any application of any such provisions, is invalid, illegal, or unenforceable in any respect, the validity, legality, enforceability, and application of the remaining provisions contained in this Agreement will not in any way be affected or impaired.
- (g) Term. The term of this Agreement will commence on the date of this Agreement and will continue until the earliest to occur of the following events:

- (i) The payment of all the Senior Indebtedness; provided that this Agreement will be reinstated in the event any payment on account of the Senior Indebtedness is avoided, set aside, rescinded or repaid by Senior Lender as described in Section 2(e) of this Agreement.
  - (ii) The payment of all the Subordinate Indebtedness other than by reason of payments which Subordinate Lender is obligated to remit to Senior Lender pursuant to this Agreement.
  - (iii) The acquisition by Senior Lender or by a third-party purchaser of title to the Mortgaged Property pursuant to a foreclosure of, deed in lieu of foreclosure, or trustee's sale or other exercise of a power of sale or similar disposition under the Senior Mortgage.
  - (iv) With the prior written consent of Senior Lender, without limiting the provisions of Section 5(d), the acquisition by Subordinate Lender of title to the Mortgaged Property subject to the Senior Mortgage pursuant to a foreclosure, or a deed in lieu of foreclosure, of (or the exercise of a power of sale under) the Subordinate Mortgage.
- (h) Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.
  - (i) Entire Agreement. This Agreement represents the entire understanding and agreement between the parties regarding the matters addressed in this Agreement, and will supersede and cancel any prior agreements regarding such matters.
  - (j) Authority. Each person executing this Agreement on behalf of a party to this Agreement represents and warrants that such person is duly and validly authorized to do so on behalf of such party with full right and authority to execute this Agreement and to bind such party with respect to all of its obligations under this Agreement.
  - (k) No Waiver. No failure or delay on the part of any party to this Agreement in exercising any right, power, or remedy under this Agreement will operate as a waiver of such right, power, or remedy, nor will any single or partial exercise of any such right, power or remedy preclude any other or further exercise of such right, power, or remedy or the exercise of any other right, power or remedy under this Agreement.
  - (l) Remedies. Each party to this Agreement acknowledges that if any party fails to comply with its obligations under this Agreement, the other parties will have all rights available at law and in equity, including the right to obtain specific performance of the obligations of such defaulting party and injunctive relief.

**[SIGNATURE AND ACKNOWLEDGMENT PAGES FOLLOW]**

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

**SENIOR LENDER:**

**CITIBANK, N.A., a national banking association**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

[Notary Block for recordation]

**SUBORDINATE LENDER:**

**THE CITY OF HOLLYWOOD**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

[Notary Block for recordation]



### CONSENT OF BORROWER

Borrower acknowledges receipt of a copy of this Subordination Agreement, dated \_\_\_\_\_, 20\_\_, by and between CITIBANK, N.A. and THE CITY OF HOLLYWOOD and consents to the agreement of the parties set forth in this Agreement.

PINNACLE AT PEACEFIELD, LTD., a Florida  
limited partnership

By: PHG-Peacefield, LLC, a Florida limited  
liability company, its general partner

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

[Notary Block for recordation]

**EXHIBIT A**  
**LEGAL DESCRIPTION**

## **EXHIBIT "E"**

### **MONTHLY PROGRESS REPORT**

Period Covered: to \_\_\_\_\_ Date of Report: \_\_\_\_\_

**A. Project Information.**

Agency:

Person Preparing the Report:

Signature and Title:

Project Title:

Project Start-up Date:

Project Completion Date:

Amended Completion Date:

**B.1 Project Cost.**

	<u>Budget</u>	<u>Funds Expended</u>	<u>Percentage</u>
Total Project	\$ _____	\$ _____	_____ %
HOME Funding	\$ _____	\$ _____	_____ %
Other CITY Funding	\$ _____	\$ _____	_____ %

**B.2 Declaration of Agency Budget Changes.**

Program Income/Recapture:

Source of Program Income/Recapture:

**B.3 Other Grant Awards.**

Date(s): \_\_\_\_\_ Dollar Amount \_\_\_\_\_

Funding Source \_\_\_\_\_

**B.4 Percent of Project Completed to date. \_\_\_\_\_**

**EXHIBIT "E"**  
**MONTHLY PROGRESS REPORT**  
**(Continued)**

**C. 1 Describe specific work tasks and qualified accomplishments completed this month:**

<u>Task</u>	<u>Qualified Accomplishments This Month</u>
-------------	---

**C.2 Describe success or problems encountered with the Project:**

**C.3 Anticipated problems or concerns with the Project:** Please identify technical assistance needed and/or requested from the Housing Finance and Community Redevelopment Division staff.

**C.4 Anticipated advertisements and/or other contractual services:** If applicable, has the Housing Finance and Community Redevelopment Division staff been advised and appropriate steps taken to assure compliance?

**D. Program Objectives:**

<u>Work Tasks</u>	<u>Projected Yearly/ Total Performance</u>	<u>Monthly Progress</u>	<u>Progress YTD</u>	<u>Supporting Documentation</u>
-------------------	--	-----------------------------	-------------------------	-------------------------------------

**EXHIBIT "E"**

**MONTHLY PROGRESS REPORT**

**(Continued)**

**DIRECT BENEFIT REPORT FORM**

**Please specify total number of persons or households (as applicable) assisted/served since execution of the Agreement.**

<b>Households</b>	<b>Persons</b>	<b>Low to Moderate Income</b>	<b>Low Income</b>	<b>White-Not Hispanic Origin</b>	<b>Black-Not Hispanic Origin</b>	<b>American Indian or Alaskan Native</b>	<b>Hispanic</b>	<b>Asian or Pacific Islander</b>	<b>Female Headed Household</b>

**EXHIBIT "F"**

**FINAL ACCOUNTING FOR PROJECT**

**Project Name** \_\_\_\_\_

Initial HOME Funding Amount \_\_\_\_\_

Initial NSP-1 Funding Amount \_\_\_\_\_

Initial CITY Funding Amount \_\_\_\_\_

Amended HOME Funding Amount \_\_\_\_\_

Amended NSP-1 Funding Amount \_\_\_\_\_

Total Amounts Expended \_\_\_\_\_

Total Amounts Unexpended \_\_\_\_\_

For each HOME-assisted unit, furnish the following:

- Household size
- Race
- Rental or homeowner
- Number of bedrooms
- Percent of median income
- Female head of household - Answer Y/N

Other sources of Project funding:

- Type
- Interest rate
- Loan term
- Amount

For all rental units constructed with HOME Funds provided under the Agreement for the Project, include the following information for each unit:

- Rent
- Amount of Utility allowance
- Tenant contribution
- Rental subsidy

Attach the Final Cost Certificate audit prepared by an independent auditor and submitted as required by Florida Housing Finance Corporation, encompassing all development costs for the Project, 2) the Final General Contractors Cost Certification Audit prepared by an

independent auditor and submitted as required by Florida Housing Finance Corporation, encompassing all construction-related costs for the Project.

**EXHIBIT "G"**

TO (OWNER)

FROM (CONTRACTOR):

CONTRACT FOR:

## CONTRACTOR'S APPLICATION FOR PAYMENT

[illegible]

The undersigned Contractor certifies to the Owner that the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR:

By: \_\_\_\_\_  
Date: \_\_\_\_\_

## REQUEST FOR PAYMENT FORM

PROJECT NO.:

APPLICATION NO.:

PERIOD FROM:

PERIOD TO:

CONTRACT DATE:

Application is made for Payment, as shown below, in connection with the Contract.

1. ORIGINAL CONTRACT SUM \$\_\_\_\_\_

2. Net change by Change Orders \$\_\_\_\_\_

3. CONTRACT SUM TO DATE (Line 1 + 2) \$\_\_\_\_\_

4. TOTAL COMPLETED & STORED TO DATE (Column G) \$\_\_\_\_\_

## 5. RETAINAGE

a. 10% of Completed Work

(Column D + E)

b. \_\_\_\_ % of Stored Material

(Column F)

Total Retainage (Line 5a + 5b or

Total in Column in I)

6. TOTAL EARNED LESS RETAINAGE

(Line 4 less Line 5 Total)

7. LESS PREVIOUS CERTIFICATES FOR

PAYMENT (Line 6 from prior Certificate)

8. CURRENT PAYMENT DUE

9. BALANCE TO FINISH, PLUS RETAINAGE

(Line 3 less Line 6)

State of Florida

County of Broward

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

Notary Public:

My Commission Expires:

AMOUNT CERTIFIED

\$ \_\_\_\_\_

(Attach explanation if amount certified differs from the amount applied for.)

By: \_\_\_\_\_ Date: \_\_\_\_\_

This certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment, and acceptance of payment are without prejudice to any rights of the Owner under the Contract.



## RENTAL SETUP AND COMPLETION FORM

### (CHART and INSTRUCTIONS)

[illegible]

- The information requested on the chart shall be submitted in the space provided.

**EXHIBIT "I"**

**PROJECT RENTS**

**FORT LAUDERDALE, FL HMFA\*  
(March 2016)**

Number of Bedrooms	Fair Market Rent	Low HOME	High HOME
Efficiency	\$773	\$635	\$773
1	980	680	915
2	1253	816	1101
3	1790	942	1262
4	2188	1051	1389
5	2516	1160	1514
6	2844	1268	1639

\*Source: U.S. Department of Housing and Urban Development.

## **EXHIBIT "J"**

### **AFFIRMATIVE MARKETING POLICY**

#### **A. AFFIRMATIVE MARKETING**

Rental and homebuyer projects containing five (5) or more HOME-assisted units must comply with the Affirmative Marketing Policy described herein, or an affirmative marketing policy approved by HUD or adopted by a local government if such policy is more restrictive than that which is set forth herein or approved by HUD. If a HOME-assisted unit is advertised for rental, it must be done in a manner to inform persons who would otherwise not be likely to apply for a unit. Tenants holding Section 8 Housing certificates shall not be refused rental, except for cause, including, but not limited to, tenants who previously failed to pay their rent, maintain their units, or who otherwise were in violation of the terms and conditions of their tenancy. Within thirty (30) days after the Effective Date of this Agreement, PINNACLE shall submit an Affirmative Fair Housing Marketing Plan to the City, complying with these requirements, utilizing HUD Form HUD-935-2(A). This AFHMP will not prescribe a residency preference.

##### **1. DISSEMINATION OF INFORMATION**

The following methods shall be used to inform the public, owners and potential tenants about Federal Fair Housing Laws and the marketing policy of the Housing and Community Development Division.

From time to time, developer or owner shall canvass the eligible areas disseminating program and fair housing information flyers to tenant associations, civic associations, public service agencies, tenant groups, civic and fraternal organizations, churches, housing counseling, consumer affairs, business and non-profit groups.

Public service announcements will be made on radio and television stations. Press releases will be placed in newspapers and other publications circulated widely in target areas.

PINNACLE will confer with the Division to receive input regarding its efforts to conduct outreach to community groups, civil associations and community-based organizations which may refer prospective eligible senior applicants within the City of Hollywood. To the greatest extent feasible, and consistent with any requirements of the Division, PINNACLE will also conduct advertising, promotions and other activities within the City of Hollywood in order to attract local residents who may be eligible to apply, and shall update the Division and the City Commission when requested on these marketing efforts on an ongoing basis.

The Equal Housing Opportunity logo will be used on all printed materials.

## 2. OWNER PRACTICES AND PROCEDURES

Each owner must adhere to the following requirements and practices in order to carry out the affirmative marketing policies of the Housing Finance and Community Redevelopment Program.

Advertising will be placed in circulars and periodicals having wide distribution in target areas. Leaflets, brochures, and other printed materials will be displayed containing the equal housing logo in conspicuous locations at places frequented by potential tenants and persons least likely to apply for the rental housing.

## 3. SPECIAL OUTREACH

Special contact will be made by owners with programs providing services to legal aliens and refugees, at churches frequented by legal aliens and refugees and other groups least likely to apply without these special efforts.

## 4. FAILURE TO COMPLY WITH REQUIREMENTS

Failure on the part of an owner to comply with the affirmative marketing requirements provided herein, or to cure or remedy identified violations within thirty (30) days of notification of violations shall result in the loan becoming immediately due and payable.

## B. CIVIL RIGHTS

No person shall be discriminated upon based on race, color, sex, age, marital status, handicap, religion or national origin in the rental, lease, sale or use of the property to be constructed with HOME Investment Partnerships Program (HOME) Funds obtained through the HOME Program in accordance with Title 8 of the Civil Right Act of 1968 42 USC 3601-3619 and the HUD Fair Housing Code set forth in 24 CFR Parts 14, 100, 103-106, 109,110, 115, and 121.

## C. INTEREST OF PUBLIC BODY

No member of the governing body of CITY or any employee of the Housing and Community Development Division may have any interest, direct or indirect in the proceeds of any loan or in any contract entered into by the borrower for the performance of work financed, in whole or in part, with the proceeds of the loan.

## EXHIBIT "K"

### **INSURANCE REQUIREMENTS**

PINNACLE shall provide, at its sole expense, and maintain in full force and effect for the term of this Agreement and any extensions thereof, the insurance coverage set forth below. PINNACLE shall provide the Director, at the time of execution of this Agreement, with Certificates of Insurance, reflecting evidence of the required insurance, along with the Insurance Agent's certification document which certifies that the insurance requirements have been met and there are no exclusions. These Certificates shall contain a provision that coverage afforded under these policies will not be cancelled, will not expire and will not be materially modified until at least thirty (30) days prior written notice has been given to the City. Policies shall be issued by companies authorized to do business under the laws of the State of Florida and shall have adequate Policyholders and Financial ratings in the latest ratings of A.M. Best and be part of the Florida Insurance Guarantee Association Act. Insurance shall be in force until all work and services required to be performed under the terms of this Agreement are satisfactorily completed as evidenced by the formal acceptance by the City. In the event the Insurance Certificate provided indicates that the insurance shall terminate and lapse during the period of this Agreement, PINNACLE shall furnish, at least thirty (30) days prior to the expiration of the date of such insurance, a renewed Certificate of Insurance as proof that equal and like coverage for the balance of the period of this Agreement and extension thereunder is in effect. All Certificates of Insurance shall include the City of Hollywood, Florida as an additional insured.

Insurance Coverage is as follows:

- A. Comprehensive General Liability. Commercial Liability Insurance with not less than the following limits:

General Aggregate	\$1,000,000
-------------------	-------------

- B. Professional Liability. Professional Liability with not less than the following limits:

Aggregate	\$2,000,000
Each claim	\$1,000,000.

- C. Worker's Compensation. Worker's compensation insurance shall be provided and shall cover the PINNACLE'S contractor and contractor's employees not less than the following limits:

Each accident	\$100,000
Disease Policy Limit	\$500,000
Disease Each Employee	\$100,000