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

**MODIFICATIONS TO MULTIFAMILY LOAN AND SECURITY AGREEMENT**

**(Expanded Housing Choice)**

The foregoing Loan Agreement is hereby modified as follows:

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

“**Expanded Housing Choice Monetary Penalty**” means the non-refundable penalty of $5,000 payable to Lender.

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

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

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

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

“**Second Fair Housing Testing**” means the Fair Housing Testing required after the Borrower fails the First Fair Housing Testing and completes the mandatory Fair Housing Training pursuant to Section [\_\_].02(c)(2) (Housing Choice Vouchers – Covenants – Compliance with Fair Housing Testing; Fair Housing Training).

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

“**Testing Violation**” means Borrower’s employees or the employees of Borrower’s property manager have not passed the First Fair Housing Testing, Second Fair Housing Testing and/or Third Fair Housing Testing.

“**Third Fair Housing Testing**” means the Fair Housing Testing required after the Borrower fails the Second Fair Housing Testing and completes the mandatory Fair Housing Training pursuant to Section [\_\_].02(c)(2) (Housing Choice Vouchers – Covenants – Compliance with Fair Housing Testing; Fair Housing Training).

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

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

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

[(\_\_)] in the event Borrower fails to pass the Second Fair Housing Testing, or at any other time upon Lender’s request, a Supplemental Annual Loan Agreement Certification (Expanded Housing Choice) (Form 6620.Supplemental.Expanded Housing Choice) stating the number of rental applications received from a tenant or a prospective tenant seeking to use a Housing Choice Voucher during the last calendar year, the current status of each application, and an explanation for denying any application seeking to use a Housing Choice Voucher; and attaching:

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

(2) if requested by Lender, complete lease files for any tenant using a Housing Choice Voucher, including, if requested, deposits received from tenants or prospective tenants, and any other information requested by Lender for such period.

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

#### (3) (a) on or before March 15 after the end of each calendar year obtain from Borrower a rent schedule or rent roll dated as of December 31 of the previous year and submit a Streamlined Rent Roll (Form 4241); and (b) if Borrower fails to timely comply with this Section 8.02(b)(3) then Borrower shall pay to Lender the Expanded Housing Choice Monetary Penalty within ten (10) Business Days after notice from Lender of such noncompliance;

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

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

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

#### ([\_\_]) any failure by Borrower to pay the Expanded Housing Choice Monetary Penalty.

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

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

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

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

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

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

(a) the Mortgaged Property is not located (1) in a jurisdiction that currently provides protections against Source of Income Discrimination for housing applicants and tenants using Housing Choice Vouchers, or (2) in a jurisdiction that has enacted protections against Source of Income Discrimination for housing applicants and tenants using Housing Choice Vouchers that will become effective within twenty-four (24) months of the mortgage loan effective date.

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

(c) the rent for at least forty percent (40%) of the units at the Mortgaged Property is within “Fair Market Rents” or “Small Area Fair Market Rents” as defined by HUD, as adjusted per the applicable public housing agency payment standards.

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

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

Borrower shall:

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

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

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

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

Borrower shall:

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

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

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

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

(2) In the event that Borrower fails to pass the First Fair Housing Testing (a “**Testing Violation**”), Borrower shall require that all necessary and appropriate staff of Borrower or any property manager for the Mortgaged Property complete Fair Housing Training. Failure to timely complete any mandated Fair Housing Training shall be an immediate non-monetary Event of Default.

(3) Subsequent to the completion of the Fair Housing Training mandated pursuant to Section [\_\_].02(c)(2) (Housing Choice Vouchers – Covenants – Compliance with Fair Housing Testing; Fair Housing Training): Borrower shall deliver to Lender written notice of completion of the Fair Housing Training within ninety (90) days of receipt of a Testing Violation notice from Lender.

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

(5) In the event that Borrower fails to pass the Second Fair Housing Testing, Borrower shall require that all necessary and appropriate staff of Borrower or any property manager for the Mortgaged Property complete Fair Housing Training. Failure to timely complete any mandated Fair Housing Training shall be an immediate Event of Default.

(A) Borrower shall deliver to Lender written notice of completion of the Fair Housing Training within ninety (90) days of receipt of a Testing Violation notice from Lender.

(B) Borrower shall also submit the Supplemental Annual Loan Agreement Certification (Expanded Housing Choice) ([Form](https://mfguide.fanniemae.com/node/17006) 6620.Supplemental.Expanded Housing Choice), pursuant to Section 8.02(b)(2)[(\_\_)] (Items to Furnish to Lender).

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

(7) In the event that Borrower fails to pass the Third Fair Housing Testing or is otherwise determined not to be in compliance with Section [\_\_].02 (Covenants - Compliance with Housing Choice Voucher Program), Borrower shall enter into a remedial housing plan (“**Plan**”) with Fannie Mae to provide housing to Housing Choice Voucher renters that shall require the following: Within six (6) months from the date that Borrower receives notification of its third Fair Housing Testing failure, (A) Borrower shall execute no less than one (1) HAP contract to permit a minimum of one (1) renter(s) with Housing Choice Vouchers to reside in a mortgaged property of one hundred (100) units or less; or (B) Borrower shall execute no less than two (2) HAP contracts to permit a minimum of two (2) renters with Housing Choice Vouchers to reside in a mortgaged property of one hundred one (101) units or more.

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