**EXHIBIT [\_\_]**

**MODIFICATIONS TO SECURITY INSTRUMENT**

**(Sponsor-Dedicated Workforce Housing)**

The foregoing Security Instrument is hereby modified as follows:

1. Capitalized terms used and not specifically defined herein have the meanings given to such terms in the Security Instrument.
2. Section 1 of the Security Instrument (Defined Terms) is hereby amended by adding the following new definitions in the appropriate alphabetical order:

“**AMI**” means the median income level issued annually by the Federal Housing Finance Agency for each property census tract as provided in the Multifamily Affordability Estimator.

“**Multifamily Affordability Estimator**” means the Fannie Mae Multifamily Affordability Estimator, or any successor tool provided or used by Fannie Mae to estimate the affordability profile of a property.

“**Rent Restricted Units**” means, individually and collectively, each unit designated as subject to Rent Restriction, as disclosed from time to time under the Schedule of Rent Restricted Units.

“**Rent Restriction**” means, **[DRAFTING NOTE: INSERT AMI RENT RESTRICTION:** \_\_\_\_\_\_\_\_ percent (\_\_\_%)**]** of AMIwith respect to a unit at the Mortgaged Property, the maximum monthly Total Rent for such unit pursuant to Section [\_\_](a)(2) (Sponsor-Dedicated Workforce Housing – Set Aside Requirement; Leasing of Rent Restricted Units) and Section [\_\_](b)(1) (Sponsor-Dedicated Workforce Housing – Covenants) of this Security Instrument.

“**Schedule of Rent Restricted Units**” means that certain Schedule 1 (Form of Schedule of Rent Restricted Units) attached to this Exhibit [\_\_].

“**Set-Aside Requirement**” means the requirement that Borrower maintain a minimum of [**DRAFTING NOTE: INSERT THE MINIMUM SET-ASIDE; MINIMUM 20% SET-ASIDE REQUIRED**] \_\_\_\_\_ percent ([\_\_]%) of the units as Rent Restricted Units.

“**Sponsor-Dedicated Workforce Housing Commencement Date**” means the date which is twelve (12) months after the Effective Date.

“**Sponsor-Dedicated Workforce Housing Restrictions**” means those restrictions imposed on the Mortgaged Property for so long as the Mortgage Loan is outstanding as set forth in Section [\_\_] (Sponsor-Dedicated Workforce Housing) of this Security Instrument.

“**Tenant**” means, individually and collectively, each occupant eighteen (18) years or older, or prospective occupant, of a unit pursuant to a Lease.

“**Total Rent**” means regular payments made for rent plus a standard utility allowance (if utilities are not otherwise included in the rent) plus any fees that are required of all tenants for occupancy at the Mortgaged Property (i.e., trash collection fees, whether charged individually or in conjunction with rent), as prescribed by the Multifamily Affordability Estimator. Elective amenity fees that are not required for occupancy (e.g., pet fees, parking fees, etc.) are not included in this definition.

1. The following section is hereby added to the Security Instrument as Section [\_\_] (Sponsor-Dedicated Workforce Housing):

**[\_\_]. Sponsor-Dedicated Workforce Housing.**

* 1. **Set Aside Requirement; Leasing of Rent Restricted Units.**

1. Borrower shall satisfy the Set-Aside Requirement on or before the Sponsor-Dedicated Workforce Housing Commencement Date, and the Rent Restricted Units shall be proportionally distributed according to the total number of each bedroom size available across the Mortgaged Property.
2. Borrower shall not charge Total Rent for a Rent Restricted Unit in excess of its Rent Restriction. Although Borrower may receive funds from a federal or state rental assistance program in excess of the Rent Restriction, the portion of Total Rent payable by a Tenant of a Rent Restricted Unit shall not exceed the Rent Restriction.
   1. **Covenants.**
3. Borrower agrees that the monthly Total Rent paid by a Tenant for a Rent Restricted Unit shall not exceed the maximum area rent for that bedroom unit size provided by the Multifamily Affordability Estimator. Notwithstanding the foregoing, in the event the AMI decreases after the date of occupancy, in no event will Tenant be required to pay increased rent based on such decrease, or will Borrower be required to charge a lower Total Rent than that of the corresponding highest AMI level determined effective within the Loan Term.
4. Borrower shall:
   1. comply with all Sponsor-Dedicated Workforce Housing Restrictions throughout the Loan Term;
   2. conduct its tenant selection procedure in accordance with all applicable laws, ordinances, rules, and regulations of any Governmental Authority, including fair housing laws, rules and regulations; and
   3. meet the same affirmative marketing standards as set forth in 24 C.F.R. § 200.620.
   4. **Compliance.**

On an annual basis, Lender will determine whether Borrower is in compliance with the Sponsor-Dedicated Workforce Housing Restrictions. In order to allow Lender to make such determination, on or before the Sponsor-Dedicated Workforce Housing Commencement Date and on an annual basis thereafter on or before the anniversary of the Sponsor-Dedicated Workforce Housing Commencement Date, Borrower shall deliver to Lender: (1) a then-current completed Schedule of Rent Restricted Units, (2) the then-current rent roll for the Mortgaged Property identifying every Rent Restricted Unit together with an executed certification by Borrower that Borrower and the Rent Restricted Units are in compliance with the Sponsor-Dedicated Workforce Housing Restrictions, and (3) any other information reasonably requested by Lender to determine compliance with the Sponsor-Dedicated Workforce Housing Restrictions. Copies of the foregoing items must be retained by Borrower and Lender for the duration of the Loan Term.

**[Remainder of Page Intentionally Blank]**

SCHEDULE 1

**FORM OF SCHEDULE OF RENT RESTRICTED UNITS**

**[TO BE COMPLETED BY BORROWER AND DELIVERED TO LENDER ON OR BEFORE THE SPONSOR-DEDICATED WORKFORCE HOUSING COMMENCEMENT DATE AND ON AN ANNUAL BASIS THEREAFTER.]**

Total number of units:

|  |  |  |  |
| --- | --- | --- | --- |
| **Unit Number** | **Unit Size/# Bedrooms** | **Maximum Area Rent** | **Actual Rent** |
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