**EXHIBIT [\_\_]**

**MODIFICATIONS TO MULTIFAMILY LOAN AND SECURITY AGREEMENT**

**(Preferred Equity Terms)**

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:

“**Governing Documents**” means the operating agreement, joint venture agreement or similar agreement of Borrower or of an upper-tier Borrower entity containing Preferred Equity terms including all amendments, private placement memoranda, pledge agreements, guaranties, indemnities (environmental or otherwise) or similar agreements, each of which document is listed on the Summary of Loan Terms.

“**Preferred Equity Investor**” means the holder of a Preferred Equity interest.

“**Underwriting and Servicing Requirements**” means Lender’s overall requirements for the Mortgaged Property in connection with similar loans sold or anticipated to be sold to Fannie Mae, pursuant to Fannie Mae’s guidelines, including requirements relating to appraisals, property condition assessments, environmental site assessments, and servicing and asset management, as such requirements may be amended, modified, updated, superseded, supplemented or replaced from time to time.

1. The definition of “Permitted Preferred Equity” in the Definitions Schedule is hereby deleted and restated in its entirety as follows:

“**Permitted Preferred Equity**” means Preferred Equity that (a) does not (1) require mandatory dividends, distributions, payments or returns (including at maturity or in connection with a redemption), or (2) provide the Preferred Equity owner with rights or remedies on account of a failure to receive any preferred dividends, distributions, payments or returns (or, if such rights are provided, the exercise of such rights do not violate the Loan Documents or are otherwise exercised with the prior written consent of Lender in accordance with Article 11 (Liens, Transfers and Assumptions) of the Loan Agreement and the payment of all applicable fees and expenses as set forth in Section 11.03(g) (Further Conditions to Transfers and Assumption) of the Loan Agreement), and (b) is otherwise approved by Lender.

1. The following Article is hereby added to the Loan Agreement as Article [\_\_] (Preferred Equity Terms):

# ARTICLE [\_\_] – PREFERRED EQUITY TERMS

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

The representations and warranties made by Borrower to Lender in this Section [\_\_].01 are made as of the Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

1. **Governing Documents; Subordination; No Seller Equity.**
   1. Borrower hereby confirms that:
      1. all Preferred Equity Investors are identified on the Summary of Loan Terms; and
      2. true, correct, and complete copies of all Governing Documents have been delivered to Lender prior to the Effective Date and the Governing Documents:
         1. have been duly executed and delivered by the parties thereto and constitute the legal, valid and binding obligations of each party thereto, enforceable against the parties in accordance with their respective terms, except as such enforceability may be limited by applicable Insolvency Laws or by the exercise of discretion by any court;
         2. contain every right and remedy of Preferred Equity Investor, Borrower and Key Principal (and any applicable direct or indirect owner of any of them) with respect to the Preferred Equity, Borrower or the Mortgaged Property and there is no document, agreement or side letter other than the Governing Documents that governs the relationship by and among Preferred Equity Investor, Borrower and Key Principal (and any applicable direct or indirect owner of any of them) with respect to the Preferred Equity, Borrower or the Mortgaged Property; and
         3. are listed in full on the Summary of Loan Terms.
   2. Any indemnity (environmental or otherwise) related to the Preferred Equity is specifically subordinate to all terms of the Mortgage Loan.
   3. In the case of an acquisition of the Mortgaged Property (whether by deed or by transfer of direct or indirect ownership interests in Borrower), the Preferred Equity has not been provided by the seller or an affiliate of the seller.
2. **Compliance with Economic Sanctions.**
   1. Preferred Equity Investor, any Person Controlling Preferred Equity Investor, and any Person Controlled by Preferred Equity Investor that also has a direct or indirect ownership interest in Borrower, Guarantor, Key Principal or Principal each complies with the provisions of Section 4.01(g).

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

**(a) No Material Change to** Governing Documents**.**

For so long as the Mortgage Loan is outstanding, no material change to the Governing Documents shall be made or allowed without Lender’s prior written consent.

1. **Compliance with Economic Sanctions.**

Preferred Equity Investor, any Person Controlling Preferred Equity Investor, and any Person Controlled by Preferred Equity Investor that also has a direct or indirect ownership interest in Borrower, Guarantor, Key Principal or Principal, shall comply with the provisions of Section 4.02(b).

1. **No New Preferred Equity.**

Any new Preferred Equity added during the Mortgage Loan term or in connection with an assumption must comply with the then current Underwriting and Servicing Requirements and must be approved by Lender.

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