**MULTIFAMILY PLEDGE, ASSIGNMENT OF LEASES AND RENTS,**

**SECURITY AGREEMENT,**

**AND FIXTURE FILING**

**(PUERTO RICO)**

This MULTIFAMILY PLEDGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING (as amended, restated, replaced, supplemented, or otherwise modified from time to time, the “**Security Agreement**”) dated as of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, is executed by **[IF BORROWER IS AN ENTITY:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ organized and existing under the laws of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**] OR [IF BORROWER IS AN INDIVIDUAL:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a **[married][single]** individual**]**, as mortgagor (“**Borrower**”), to and for the benefit of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ organized and existing under the laws of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, as secured party (“**Lender**”).

Borrower, in consideration of (i) the loan in the original principal amount of $\_\_\_\_\_\_\_\_\_\_\_\_ (the “**Mortgage Loan**”) evidenced by that certain Multifamily Note dated as of the date of this Security Agreement, executed by Borrower and made payable to the order of Lender (as amended, restated, replaced, supplemented, or otherwise modified from time to time, the “**Note**”), and (ii) that certain Multifamily Loan and Security Agreement dated as of the date of this Security Agreement, executed by and between Borrower and Lender (as amended, restated, replaced, supplemented or otherwise modified from time to time, the “**Loan Agreement**”), and to partially secure to Lender the repayment of the Indebtedness (as defined in this Security Agreement), and all renewals, extensions and modifications thereof, and the performance of the covenants and agreements of Borrower contained in the Loan Documents (as defined in the Loan Agreement), excluding the Environmental Indemnity Agreement (as defined in this Security Agreement), irrevocably and unconditionally pledges, grants, assigns, remises, releases, warrants and conveys to and for the benefit of Lender the Mortgaged Property (as defined in this Security Agreement), including the Mortgage Note and the Fixtures on a real property located in the city of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Commonwealth of Puerto Rico, and described in Exhibit A attached to this Security Agreement and incorporated by reference (the “**Land**”) and as further described in that certain first priority mortgage constituted pursuant to Deed Number \_\_, executed on \_\_\_\_\_\_\_\_ before Notary Public \_\_\_\_\_\_\_\_\_\_\_\_\_(the “**Mortgage**”), to have and to hold such Mortgaged Property unto Lender and Lender’s successors and assigns, forever; Borrower hereby releasing, relinquishing and waiving, to the fullest extent allowed by law, all rights and benefits, if any, under and by virtue of the homestead exemption laws of the Commonwealth of Puerto Rico, if applicable.

Borrower represents and warrants that Borrower is the lawful owner of the Mortgaged Property and has the right, power and authority to pledge, grant, assign, remise, release, warrant and convey the Mortgaged Property, and that the Mortgaged Property is not encumbered by any Lien (as defined in this Security Agreement) other than Permitted Encumbrances (as defined in this Security Agreement). Borrower covenants that Borrower will warrant and defend the title to the Mortgaged Property against all claims and demands other than Permitted Encumbrances.

Borrower and Lender, by its acceptance hereof, each covenants and agrees as follows:

# Defined Terms.

Capitalized terms used and not specifically defined herein have the meanings given to such terms in the Loan Agreement. All capitalized terms used and not specifically defined herein, but which are otherwise defined by the PR-UCC, shall have the meanings assigned to them by the PR-UCC. The following terms, when used in this Security Agreement, shall have the following meanings:

“**Accounts**” means all money, funds, investment property, accounts, general intangibles, deposit accounts, chattel paper, documents, instruments, judgments, claims, settlements of claims, causes of action, refunds, rebates, reimbursements, reserves, deposits, subsidies, proceeds, products, Rents, and profits, now or hereafter arising, received or receivable, from or on account of the ownership, management and operation of the Mortgaged Property.

“**Collateral Assignment Notice**” means the notices in English and Spanish attached as Schedule II hereto.

“**Confirmation of Assignment and Delivery Notice**” means a Confirmation of Assignment and Delivery Notice substantially in the form of Schedule III attached hereto.

“**Condemnation Action**” means any action or proceeding, however characterized or named, relating to any condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Mortgaged Property, whether direct or indirect.

“**Enforcement Costs**” means all expenses and costs, including reasonable attorneys’ fees and expenses, fees and out-of-pocket expenses of expert witnesses and costs of investigation, incurred by Lender as a result of any Event of Default under the Loan Agreement or in connection with efforts to collect any amount due under the Loan Documents, or to enforce the provisions of the Loan Agreement or any of the other Loan Documents, including those incurred in post-judgment collection efforts and in any bankruptcy or insolvency proceeding (including any action for relief from the automatic stay of any bankruptcy proceeding or Foreclosure Event) or judicial or non-judicial foreclosure proceeding, to the extent permitted by law.

“**Environmental Indemnity Agreement**” means that certain Environmental Indemnity Agreement dated as of the date of this Security Agreement, executed by Borrower to and for the benefit of Lender, as the same may be amended, restated, replaced, supplemented, or otherwise modified from time to time.

“**Environmental Laws**” has the meaning set forth in the Environmental Indemnity Agreement.

“**Event of Default**” has the meaning set forth in the Loan Agreement.

“**Fixtures**” means all Goods that are so attached or affixed to the Land or the Improvements as to constitute a fixture under the laws of the Commonwealth of Puerto Rico and the PR-UCC.

“**Goods**” means all goods which are used now or in the future in connection with the ownership, management, or operation of the Land or the Improvements or are located on the Land or in the Improvements, including inventory; furniture; furnishings; machinery, equipment, engines, boilers, incinerators, and installed building materials; systems and equipment for the purpose of supplying or distributing heating, cooling, electricity, gas, water, air, or light; antennas, cable, wiring, and conduits used in connection with radio, television, security, fire prevention, or fire detection, or otherwise used to carry electronic signals; telephone systems and equipment; elevators and related machinery and equipment; fire detection, prevention and extinguishing systems and apparatus; security and access control systems and apparatus; plumbing systems; water heaters, ranges, stoves, microwave ovens, refrigerators, dishwashers, garbage disposers, washers, dryers, and other appliances; light fixtures, awnings, storm windows, and storm doors; pictures, screens, blinds, shades, curtains, and curtain rods; mirrors, cabinets, paneling, rugs, and floor and wall coverings; fences, trees, and plants; swimming pools; exercise equipment; supplies; tools; books and records (whether in written or electronic form); websites, URLs, blogs, and social network pages; computer equipment (hardware and software); and other tangible personal property which is used now or in the future in connection with the ownership, management, or operation of the Land or the Improvements or are located on the Land or in the Improvements.

“**Imposition Deposits**” means deposits in an amount sufficient to accumulate with Lender the entire sum required to pay the Impositions when due.

“**Impositions**” means

(a) any water and sewer charges which, if not paid, may result in a lien on all or any part of the Mortgaged Property;

(b) the premiums for fire and other casualty insurance, liability insurance, rent loss insurance and such other insurance as Lender may require under the Loan Agreement;

(c) Taxes; and

(d) amounts for other charges and expenses assessed against the Mortgaged Property which Lender at any time reasonably deems necessary to protect the Mortgaged Property, to prevent the imposition of liens on the Mortgaged Property, or otherwise to protect Lender’s interests, all as reasonably determined from time to time by Lender.

“**Improvements**” means the buildings, structures, improvements, and alterations now constructed or at any time in the future constructed or placed upon the Land, including any future replacements, facilities, and additions and other construction on the Land.

“**Indebtedness**” means the principal of, interest on, and all other amounts due at any time under the Note, the Loan Agreement, this Security Agreement or any other Loan Document (other than the Environmental Indemnity Agreement and Guaranty), including Prepayment Premiums, late charges, interest charged at the Default Rate, and accrued interest as provided in the Loan Agreement and this Security Agreement, advances, costs and expenses to perform the obligations of Borrower or to protect the Mortgaged Property or the security of this Security Agreement, all other monetary obligations of Borrower under the Loan Documents (other than the Environmental Indemnity Agreement), including amounts due as a result of any indemnification obligations, and any Enforcement Costs.

“**Land**” means the real property described in Exhibit A.

“**Leases**” means all present and future leases, subleases, licenses, concessions or grants or other possessory interests now or hereafter in force, whether oral or written, covering or affecting the Mortgaged Property, or any portion of the Mortgaged Property (including proprietary leases or occupancy agreements if Borrower is a cooperative housing corporation), and all modifications, extensions or renewals thereof.

“**Lien**” means any claim or charge against property for payment of a debt or an amount owed for services rendered, including any mortgage, deed of trust, deed to secure debt, security interest, tax lien, any materialman’s or mechanic’s lien, or any lien of a Governmental Authority, including any lien in connection with the payment of utilities, or any other encumbrance.

“**Mortgage Note**” means the mortgage note(s) issued by Borrower in favor of Lender, or to its order, secured by the Mortgage(s) constituted pursuant to the terms of the Loan Agreement and all extensions, modifications, renewals, substitutes and replacements of such mortgage note.

“**Mortgaged Property**” means all of Borrower’s present and hereafter acquired right, title and interest, if any, in and to all of the following:

(a) the Improvements;

(b) the Personalty;

(c) current and future rights, including air rights, development rights, zoning rights and other similar rights or interests, easements, tenements, rights-of-way, strips and gores of land, streets, alleys, roads, sewer rights, waters, watercourses, and appurtenances related to or benefitting the Land or the Improvements, or both, and all rights-of-way, streets, alleys and roads which may have been or may in the future be vacated;

(d) insurance policies relating to the Mortgaged Property (and any unearned premiums) and all proceeds paid or to be paid by any insurer of the Land, the Improvements, the Personalty, or any other part of the Mortgaged Property, whether or not Borrower obtained the insurance pursuant to Lender’s requirements;

(e) awards, payments and other compensation made or to be made by any municipal, state or federal authority with respect to the Land, the Improvements, the Personalty, or any other part of the Mortgaged Property, including any awards or settlements resulting from (1) Condemnation Actions, (2) any damage to the Mortgaged Property caused by governmental action that does not result in a Condemnation Action, or (3) the total or partial taking of the Land, the Improvements, the Personalty, or any other part of the Mortgaged Property under the power of eminent domain or otherwise and including any conveyance in lieu thereof;

(f) contracts, options and other agreements for the sale of the Land, the Improvements, the Personalty, or any other part of the Mortgaged Property entered into by Borrower now or in the future, including cash or securities deposited to secure performance by parties of their obligations;

(g) Leases and Lease guaranties, letters of credit and any other supporting obligation for any of the Leases given in connection with any of the Leases, and all Rents;

(h) earnings, royalties, accounts receivable, issues and profits from the Land, the Improvements or any other part of the Mortgaged Property, and all undisbursed proceeds of the Mortgage Loan and, if Borrower is a cooperative housing corporation, maintenance charges or assessments payable by shareholders or residents;

(i) Imposition Deposits;

(j) refunds or rebates of Impositions by any municipal, state or federal authority or insurance company (other than refunds applicable to periods before the real property tax year in which this Security Agreement is dated);

(k) tenant security deposits;

(l) names under or by which any of the above Mortgaged Property may be operated or known, and all trademarks, trade names, and goodwill relating to any of the Mortgaged Property;

(m) Collateral Accounts and all Collateral Account Funds;

(n) products, and all cash and non-cash proceeds from the conversion, voluntary or involuntary, of any of the above into cash or liquidated claims, and the right to collect such proceeds;

(o) all oil, gas, minerals, mineral interests, royalties, overriding royalties, production payments, net profit interests and other interests and estates in, under and on the Mortgaged Property and other oil, gas, minerals and mineral interests with which any of the foregoing interests or estates are pooled or unitized; and

(p) the Mortgage Note.

“**Permitted Encumbrance**” means only the easements, restrictions and other matters listed in a schedule of exceptions to coverage in the Title Policy and Taxes for the current tax year that are not yet due and payable and liens created by the Loan Documents.

“**Personalty**” means all Goods, Accounts, choses in action, chattel paper, documents, general intangibles (including Software), payment intangibles, instruments, investment property, letter of credit rights, supporting obligations, computer information, source codes, object codes, records and data, all telephone numbers or listings, claims (including claims for indemnity or breach of warranty), deposit accounts and other property or assets of any kind or nature related to the Land or the Improvements now or in the future, including operating agreements, surveys, plans and specifications and contracts for architectural, engineering and construction services relating to the Land or the Improvements, and all other intangible property and rights relating to the operation of, or used in connection with, the Land or the Improvements, including all governmental permits relating to any activities on the Land.

“**Prepayment Premium**” has the meaning set forth in the Loan Agreement.

“**Property Jurisdiction**” means, as the context may apply, the Commonwealth of Puerto Rico, and the county and municipality where the Mortgaged Property is located, provided that any controversy arising under any Loan Document shall be governed by the provisions of Section 11 of this Security Agreement.

“**PR-UCC**” means the Commercial Transactions Act of the Commonwealth of Puerto Rico, as amended from time to time.

“**PR-UCC Collateral**” means any or all of that portion of the Mortgaged Property in which a security interest may be granted under the PR-UCC and in which Borrower has any present or hereafter acquired right, title or interest, including the Mortgage Note.

“**Rents**” means all rents (whether from residential or non-residential space), revenues and other income from the Land or the Improvements, including subsidy payments received from any sources, including payments under any “Housing Assistance Payments Contract” or other rental subsidy agreement (if any), parking fees, laundry and vending machine income and fees and charges for food, health care and other services provided at the Mortgaged Property, whether now due, past due, or to become due, and tenant security deposits.

“**Software**” means a computer program and any supporting information provided in connection with a transaction relating to the program. The term does not include any computer program that is included in the definition of Goods.

“**State**” or “**state**” means the Commonwealth of Puerto Rico.

“**Taxes**” means all taxes, assessments, vault rentals and other charges, if any, general, special or otherwise, including assessments for schools, public betterments and general or local improvements, which are levied, assessed or imposed by any public authority or quasi-public authority, and which, if not paid, may become a lien, on the Land or the Improvements or any taxes upon any Loan Document.

“**Title Policy**” has the meaning set forth in the Loan Agreement.

# Pledge; Security Agreement; Fixture Filing.

* 1. To secure to Lender the repayment of the Indebtedness and all renewals, extensions and modifications thereof, and the performance of the covenants and agreements of Borrower contained in the Loan Documents, Borrower hereby pledges, assigns, and grants to Lender a continuing security interest in the PR-UCC Collateral, including the Mortgage Note. This Security Agreement constitutes a pledge, security agreement and financing statement under the PR-UCC. This Security Agreement also constitutes a financing statement pursuant to the terms of the PR-UCC with respect to any part of the Mortgaged Property that is or may become a Fixture under applicable law, and will be recorded as a “fixture filing” in accordance with the PR-UCC. Borrower hereby authorizes Lender to file financing statements, continuation statements and financing statement amendments in such form as Lender may require to perfect, or continue the perfection of, this security interest without the signature of Borrower to the extent allowed by the PR-UCC, provided that, if required by Lender, Borrower shall execute the appropriate financing statement(s) and financing statement addendum(s) as Lender may request from time to time. If an Event of Default has occurred and is continuing, Lender shall have the remedies of a secured party under the PR-UCC or as otherwise provided at law or in equity, in addition to all remedies provided by this Security Agreement and in any Loan Document. Lender may exercise any or all of its remedies against the PR-UCC Collateral separately or together, and in any order, without in any way affecting the availability or validity of Lender’s other remedies. For purposes of the PR-UCC, the debtor is Borrower and the secured party is Lender. The name and address of the debtor and secured party are set forth after Borrower’s signature below which are the addresses from which information on the security interest may be obtained.
  2. Borrower represents and warrants that: (1) Borrower maintains its chief executive office at the location set forth after Borrower’s signature below, and Borrower will notify Lender in writing of any change in its chief executive office within five (5) days of such change; (2) Borrower is the record owner of the Mortgaged Property; (3) Borrower’s state of incorporation, organization, or formation, if applicable, is as set forth on Page 1 of this Security Agreement; (4) Borrower’s exact legal name is as set forth on Page 1 of this Security Agreement; (5) Borrower’s organizational identification number, if applicable, is as set forth after Borrower’s signature below; (6) Borrower is the owner of the PR-UCC Collateral subject to no liens, charges or encumbrances other than the Permitted Encumbrances; (7) except as expressly provided in the Loan Agreement, the PR-UCC Collateral will not be removed from the Mortgaged Property without the consent of Lender; (8) no financing statement covering any of the PR-UCC Collateral or any proceeds thereof is on file in any public office except pursuant hereto, (9) no default has occurred with respect to the Mortgage Note, no prior holder thereof has demanded payment of the Mortgage Note and the entire principal amount of the Mortgage Note is outstanding as of the date hereof, and (10) the Mortgage [**DRAFTING NOTE: UPDATE AND INCLUDE APPLICABLE PROVISION** [has been filed in the \_\_\_\_\_\_\_\_ Section of \_\_\_\_\_\_of the Registry of Property of Puerto Rico on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(entry *(asiento) \_\_\_* of volume *(diario) \_\_\_* ), and upon its recordation] **OR** [, upon its filing and recordation in the \_\_\_\_\_Section of \_\_\_\_\_\_\_of the Registry of Property of Puerto Rico,]**]** will constitute a duly perfected valid first priority mortgage lien on the Mortgaged Property, free and clear of all liens and encumbrances, except for the Permitted Encumbrances.
  3. All property of every kind acquired by Borrower after the date of this Security Agreement which by the terms of this Security Agreement shall be subject to the lien and the security interest created hereby, shall immediately upon the acquisition thereof by Borrower and without further conveyance or assignment become subject to the lien and security interest created by this Security Agreement. Nevertheless, Borrower shall execute, acknowledge, deliver and record or file, as appropriate, all and every such further deeds of trust, mortgages, deeds to secure debt, pledges, security agreements, financing statements, assignments and assurances as Lender shall require for accomplishing the purposes of this Security Agreement and to comply with the rerecording requirements of the PR-UCC.
  4. Except for the Lien and security interest created hereby, Borrower will not (i) assign, exchange or otherwise dispose of the Mortgage Note and the other PR-UCC Collateral or any interest therein or attempt, offer or contract to do so or (ii) create or suffer to exist any mortgage, Lien or security interest upon or with respect to the Mortgage Note or the other PR-UCC Collateral other than Permitted Encumbrances.
  5. Borrower shall, immediately on demand therefor by Lender, deliver to Lender any and all evidence of Borrower’s ownership of the Mortgage Note, the other PR-UCC Collateral, and the Mortgaged Property.

# Assignment of Leases and Rents; Appointment of Receiver; Lender in Possession.

* 1. As part of the consideration for the Indebtedness, Borrower absolutely and unconditionally assigns and transfers to Lender, as collateral security for the Indebtedness, effective such assignment upon the occurrence of an Event of Default under the Loan Agreement, all Leases and Rents. It is the intention of Borrower to authorize and empower Lender to collect and receive all Rents without the necessity of further action on the part of Borrower. Only for purposes of giving effect to these assignments of Leases and Rents, and for no other purpose, the Leases and Rents shall not be deemed to be a part of the Mortgaged Property. However, if these assignments of Leases and Rents are not enforceable by their terms under the laws of the Commonwealth of Puerto Rico, then each of the Leases and Rents shall be included as part of the Mortgaged Property, and it is the intention of Borrower, in such circumstance, that this Security Agreement create and perfect a lien on each of the Leases and Rents in favor of Lender, which liens shall be effective as of the date of this Security Agreement.
  2. Until an Event of Default has occurred and is continuing, but subject to the limitations set forth in the Loan Documents, Borrower shall exercise all rights, power and authority granted to Borrower under the Leases (including the right, power and authority to modify the terms of any Lease, extend or terminate any Lease, or enter into new Leases, subject to the limitations set forth in the Loan Documents), and to collect and receive all Rents, to hold all Rents in trust for the benefit of Lender, and to apply all Rents to pay the Monthly Debt Service Payments and the other amounts then due and payable under the other Loan Documents, including Imposition Deposits, and to pay the current costs and expenses of managing, operating and maintaining the Mortgaged Property, including utilities and Impositions (to the extent not included in Imposition Deposits), tenant improvements and other capital expenditures. So long as no Event of Default has occurred and is continuing (and no event which, with the giving of notice or the passage of time, or both, would constitute an Event of Default has occurred and is continuing), the Rents remaining after application pursuant to the preceding sentence may be retained and distributed by Borrower free and clear of, and released from, Lender’s rights with respect to Rents under this Security Agreement.
  3. If an Event of Default has occurred and is continuing, without the necessity of Lender entering upon and taking and maintaining control of the Mortgaged Property directly, by a receiver, or by any other manner or proceeding permitted by the laws of the Commonwealth of Puerto Rico, Lender shall immediately have all rights, powers and authority granted to Borrower under any Lease (including the right, power and authority to modify the terms of any such Lease, or extend or terminate any such Lease) and, without notice to Borrower, Lender shall be entitled to all Rents as they become due and payable, including Rents then due and unpaid. During the continuance of an Event of Default, Borrower authorizes Lender to collect, sue for and compromise Rents and directs each tenant of the Mortgaged Property to pay all Rents to, or as directed by, Lender, and Borrower shall, upon Borrower’s receipt of any Rents from any sources, pay the total amount of such receipts to Lender. Although the foregoing rights of Lender are self-effecting, at any time during the continuance of an Event of Default, Lender may make demand for all Rents, and Lender may give, and Borrower hereby irrevocably authorizes Lender to give, notice to all tenants of the Mortgaged Property instructing them to pay all Rents to Lender. No tenant shall be obligated to inquire further as to the occurrence or continuance of an Event of Default, and no tenant shall be obligated to pay to Borrower any amounts that are actually paid to Lender in response to such a notice. Any such notice by Lender shall be delivered to each tenant personally, by mail or by delivering such demand to each rental unit.
  4. If an Event of Default has occurred and is continuing, Lender may, regardless of the adequacy of Lender’s security or the solvency of Borrower, and even in the absence of waste, enter upon, take and maintain full control of the Mortgaged Property, and may exclude Borrower and its agents and employees therefrom, in order to perform all acts that Lender, in its discretion, determines to be necessary or desirable for the operation and maintenance of the Mortgaged Property, including the execution, cancellation or modification of Leases, the collection of all Rents (including through use of a lockbox, at Lender’s election), the making of repairs to the Mortgaged Property and the execution or termination of contracts providing for the management, operation or maintenance of the Mortgaged Property, for the purposes of enforcing this assignment of Rents, protecting the Mortgaged Property or the security of this Security Agreement and the Mortgage Loan, or for such other purposes as Lender in its discretion may deem necessary or desirable.
  5. Notwithstanding any other right provided Lender under this Security Agreement or any other Loan Document, if an Event of Default has occurred and is continuing, and regardless of the adequacy of Lender’s security or Borrower’s solvency, and without the necessity of giving prior notice (oral or written) to Borrower, Lender may apply to any court having jurisdiction for the appointment of a receiver for the Mortgaged Property to take any or all of the actions set forth in Section 3. If Lender elects to seek the appointment of a receiver for the Mortgaged Property at any time after an Event of Default has occurred and is continuing, Borrower, by its execution of this Security Agreement, expressly consents to the appointment of such receiver, including the appointment of a receiver *ex parte*, if permitted by applicable law. Borrower consents to shortened time consideration of a motion to appoint a receiver. Lender or the receiver, as applicable, shall be entitled to receive a reasonable fee for managing the Mortgaged Property and such fee shall become an additional part of the Indebtedness. Immediately upon appointment of a receiver or Lender’s entry upon and taking possession and control of the Mortgaged Property, possession of the Mortgaged Property and all documents, records (including records on electronic or magnetic media), accounts, surveys, plans, and specifications relating to the Mortgaged Property, and all security deposits and prepaid Rents, shall be surrendered to Lender or the receiver, as applicable. If Lender or receiver takes possession and control of the Mortgaged Property, Lender or receiver may exclude Borrower and its representatives from the Mortgaged Property.
  6. The acceptance by Lender of the assignments of the Leases and Rents pursuant to this Section 3 shall not at any time or in any event obligate Lender to take any action under any Loan Document or to expend any money or to incur any expense. Lender shall not be liable in any way for any injury or damage to person or property sustained by any Person in, on or about the Mortgaged Property. Prior to Lender’s actual entry upon and taking possession and control of the Land and Improvements, Lender shall not be:
     1. obligated to perform any of the terms, covenants and conditions contained in any Lease (or otherwise have any obligation with respect to any Lease);
     2. obligated to appear in or defend any action or proceeding relating to any Lease or the Mortgaged Property; or
     3. responsible for the operation, control, care, management or repair of the Mortgaged Property or any portion of the Mortgaged Property.

The execution of this Security Agreement shall constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Mortgaged Property is and shall be that of Borrower, prior to such actual entry and taking possession and control by Lender of the PR-UCC Collateral.

* 1. Lender shall be liable to account only to Borrower and only for Rents actually received by Lender. Lender shall not be liable to Borrower, anyone claiming under or through Borrower or anyone having an interest in the Mortgaged Property by reason of any act or omission of Lender under this Section 3, and Borrower hereby releases and discharges Lender from any such liability to the fullest extent permitted by law, provided that Lender shall not be released from liability that occurs as a result of Lender’s gross negligence or willful misconduct as determined by a court of competent jurisdiction pursuant to a final, non-appealable court order. If the Rents are not sufficient to meet the costs of taking control of and managing the Mortgaged Property and collecting the Rents, any funds expended by Lender for such purposes shall be added to, and become a part of, the principal balance of the Indebtedness, be immediately due and payable, and bear interest at the Default Rate from the date of disbursement until fully paid. Any entering upon and taking control of the Mortgaged Property by Lender or the receiver, and any application of Rents as provided in this Security Agreement, shall not cure or waive any Event of Default or invalidate any other right or remedy of Lender under applicable law or provided for in this Security Agreement or any Loan Document.
  2. Borrower represents and warrants that Schedule I hereto (the “**Lease Schedule**”) constitutes an accurate and complete description of each Lease executed (or in effect) with respect to the Mortgaged Property as of the Effective Date.
  3. Borrower shall send (via certified mail, return receipt requested) not later than five (5) Business Days after the Effective Date, the Collateral Assignment Notice to the tenant under each Lease on the Lease Schedule and shall deliver evidence acceptable to Lender of such mailings, which evidence includes receipts for such mailings, not later than ten (10) Business Days after the Effective Date.
  4. Borrower shall use commercially reasonable efforts to obtain an executed acknowledgement attached to the Collateral Assignment Notice from each tenant. Within sixty (60) days of the Effective Date, Borrower shall deliver to Lender copies of (1) all return receipt notices it has received from the United States Postal Service, and (2) all acknowledgements it has received from the tenants. In the event Borrower receives additional return receipt notices or additional tenant acknowledgements after such sixty (60) day period, Borrower shall deliver the same to Lender periodically.
  5. In connection with any Lease entered into after the Effective Date, Borrower shall (1) deliver to each new tenant under such Lease a Collateral Assignment Notice, sent by certified mail, return receipt requested (or, at Borrower’s option, include the substantive provisions of the Collateral Assignment Notice within each new Lease and have such provisions initialed by the tenant), (2) promptly following the execution of such new Lease, execute before a Puerto Rico Notary Public and deliver to Lender a Confirmation of Assignment and Delivery Notice pursuant to which Borrower assigns, and grants to Lender a Lien on, all of the right, title and interest of Borrower in and to such Lease and the Rents related thereto, in accordance with the terms and conditions set forth herein; provided, however, that Borrower's failure to execute and deliver such Confirmation of Assignment and Delivery Notice shall not affect or limit the assignment of, or Lender's Lien or other rights in and to, the Leases and the Rents, and (3) promptly thereafter provide evidence to Lender of receipt by such tenant or other person of the Collateral Assignment Notice.

# Protection of Lender’s Security.

If Borrower fails to perform any of its obligations under this Security Agreement or any other Loan Document, or any action or proceeding is commenced that purports to affect the Mortgaged Property, Lender’s security, rights or interests under this Security Agreement or any Loan Document (including eminent domain, insolvency, code enforcement, civil or criminal forfeiture, enforcement of Environmental Laws, fraudulent conveyance or reorganizations or proceedings involving a debtor or decedent), Lender may, at its option, make such appearances, disburse or pay such sums and take such actions, whether before or after an Event of Default or whether directly or to any receiver for the Mortgaged Property, as Lender reasonably deems necessary to perform such obligations of Borrower and to protect the Mortgaged Property or Lender’s security, rights or interests in the Mortgaged Property or the Mortgage Loan, including:

* 1. paying fees and out-of-pocket expenses of attorneys, accountants, inspectors and consultants;
  2. entering upon the Mortgaged Property to make repairs or secure the Mortgaged Property;
  3. obtaining (or force-placing) the insurance required by the Loan Documents; and
  4. paying any amounts required under any of the Loan Documents that Borrower has failed to pay.

Any amounts so disbursed or paid by Lender shall be added to, and become part of, the principal balance of the Indebtedness, be immediately due and payable and bear interest at the Default Rate from the date of disbursement until fully paid. The provisions of this Section 4 shall not be deemed to obligate or require Lender to incur any expense or take any action.

# Default; Acceleration; Remedies.

* 1. If an Event of Default has occurred and is continuing, Lender, at its option, may declare the Indebtedness to be immediately due and payable without further demand, and may either with or without entry or taking possession as herein provided or otherwise, proceed by suit or suits at law or in equity or any other appropriate proceeding or remedy to enforce payment of the Mortgage Loan; to foreclose this Security Agreement and/or the Mortgage judicially or non-judicially; to enforce or exercise any right under any Loan Document; and to pursue any one (1) or more other remedies provided in this Security Agreement or in any other Loan Document or otherwise afforded by applicable law. Each right and remedy provided in this Security Agreement or any other Loan Document is distinct from all other rights or remedies under this Security Agreement or any other Loan Document or otherwise afforded by applicable law, and each shall be cumulative and may be exercised concurrently, independently, or successively, in any order. Borrower has the right to bring an action to assert the nonexistence of an Event of Default or any other defense of Borrower to acceleration and sale.
  2. In connection with any sale made under or by virtue of this Security Agreement or the Mortgage, the whole of the Mortgaged Property may be sold in one (1) parcel as an entirety or in separate lots or parcels at the same or different times, all as Lender may determine in its sole discretion. Lender shall have the right to become the purchaser at any such sale. In the event of any such sale, the outstanding principal amount of the Mortgage Loan and the other Indebtedness, if not previously due, shall be and become immediately due and payable without demand or notice of any kind. If the Mortgaged Property is sold for an amount less than the amount outstanding under the Indebtedness, the deficiency shall be determined by the purchase price at the sale or sales. Borrower waives any and all rights to file or pursue permissive counterclaims in connection with any legal action brought by Lender under this Security Agreement, the Mortgage, the Note, or any other Loan Document. To the extent not prohibited by applicable law, Borrower waives all rights, claims, and defenses with respect to Lender’s ability to obtain a deficiency judgment.
  3. Borrower acknowledges and agrees that the proceeds of any sale shall be applied as determined by Lender unless otherwise required by applicable law.
  4. In connection with the exercise of Lender’s rights and remedies under this Security Agreement and any other Loan Document, there shall be allowed and included as Indebtedness: all expenditures and expenses authorized by applicable law and all other expenditures and expenses which may be paid or incurred by or on behalf of Lender for reasonable legal fees, appraisal fees, outlays for documentary and expert evidence, stenographic charges and publication costs; all expenses of any environmental site assessments, environmental audits, environmental remediation costs, appraisals, surveys, engineering studies, wetlands delineations, flood plain studies, and any other similar testing or investigation deemed necessary or advisable by Lender incurred in preparation for, contemplation of or in connection with the exercise of Lender’s rights and remedies under the Loan Documents; and costs (which may be reasonably estimated as to items to be expended in connection with the exercise of Lender’s rights and remedies under the Loan Documents), fees, charges, and taxes (including documentary stamp tax, intangible taxes (recurring and non-recurring)) including costs of procuring all abstracts of title, title searches and examinations, title insurance policies, and similar data and assurance with respect to title as Lender may deem reasonably necessary either to prosecute any suit or to evidence the true conditions of the title to or the value of the Mortgaged Property to bidders at any sale which may be held in connection with the exercise of Lender’s rights and remedies under the Loan Documents. All expenditures and expenses of the nature mentioned in this Section 5, and such other expenses and fees as may be incurred in the protection of the Mortgaged Property and rents and income therefrom and the maintenance of the lien of this Security Agreement, including the fees of any attorney employed by Lender in any litigation or proceedings affecting this Security Agreement, the Mortgage, the Note, the other Loan Documents, or the Mortgaged Property, including bankruptcy proceedings, any Foreclosure Event, or in preparation of the commencement or defense of any proceedings or threatened suit or proceeding, or otherwise in dealing specifically therewith, shall be so much additional Indebtedness and shall be immediately due and payable by Borrower, with interest thereon at the Default Rate until paid.
  5. Any action taken by Lender pursuant to the provisions of this Section 5 shall comply with the laws of the Commonwealth of Puerto Rico. Such applicable laws shall take precedence over the provisions of this Section 5, but shall not invalidate or render unenforceable any other provision of any Loan Document that can be construed in a manner consistent with any such applicable laws. If any provision of this Security Agreement shall grant to Lender (including Lender acting as a mortgagee-in-possession), or a receiver appointed pursuant to the provisions of this Security Agreement any powers, rights or remedies prior to, upon, during the continuance of or following an Event of Default that are more limited than the powers, rights, or remedies that would otherwise be vested in such party under any applicable law in the absence of said provision, such party shall be vested with the powers, rights, and remedies granted in such applicable law to the full extent permitted by law.

# Waiver of Statute of Limitations and Marshaling.

Borrower hereby waives the right to assert any statute of limitations as a bar to the enforcement of the lien of this Security Agreement or to any action brought to enforce any Loan Document. Notwithstanding the existence of any other security interests in the Mortgaged Property held by Lender or by any other party, Lender shall have the right to determine the order in which any or all of the Mortgaged Property shall be subjected to the remedies provided in this Security Agreement and/or any other Loan Document or by applicable law. Lender shall have the right to determine the order in which any or all portions of the Indebtedness are satisfied from the proceeds realized upon the exercise of such remedies. Borrower, for itself and all who may claim by, through or under it, and any party who now or in the future acquires a security interest in the Mortgaged Property and who has actual or constructive notice of this Security Agreement, waives any and all right to require the marshaling of assets or to require that any of the Mortgaged Property be sold in the inverse order of alienation or that any of the Mortgaged Property be sold in parcels (at the same time or different times) in connection with the exercise of any of the remedies provided in this Security Agreement or any other Loan Document, or afforded by applicable law.

# Waiver of Redemption; Rights of Tenants.

* 1. Borrower hereby covenants and agrees that it will not at any time apply for, insist upon, plead, avail itself, or in any manner claim or take any advantage of, any appraisement, stay, exemption or extension law or any so-called “Moratorium Law” now or at any time hereafter enacted or in force in order to prevent or hinder the enforcement or foreclosure of this Security Agreement. Without limiting the foregoing:
     1. Borrower, for itself and all Persons who may claim by, through or under Borrower, hereby expressly waives any so-called “Moratorium Law” and any and all rights of reinstatement and redemption, if any, under any order or decree of foreclosure of this Security Agreement, it being the intent hereof that any and all such “Moratorium Laws”, and all rights of reinstatement and redemption of Borrower and of all other Persons claiming by, through or under Borrower are and shall be deemed to be hereby waived to the fullest extent permitted by the laws of the Commonwealth of Puerto Rico;
     2. Borrower shall not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any right, power or remedy herein or otherwise granted or delegated to Lender but will suffer and permit the execution of every such right, power and remedy as though no such law or laws had been made or enacted; and
     3. if Borrower is a trust, Borrower represents that the provisions of this Section 7 (including the waiver of reinstatement and redemption rights) were made at the express direction of Borrower’s beneficiaries and the persons having the power of direction over Borrower, and are made on behalf of the trust estate of Borrower and all beneficiaries of Borrower, as well as all other persons mentioned above.
  2. Lender shall have the right to foreclose subject to the rights of any tenant or tenants of the Mortgaged Property having an interest in the Mortgaged Property prior to that of Lender. The failure to join any such tenant or tenants of the Mortgaged Property as party defendant or defendants in any such civil action or the failure of any decree of foreclosure and sale to foreclose their rights shall not be asserted by Borrower as a defense in any civil action instituted to collect the Indebtedness, or any part thereof or any deficiency remaining unpaid after foreclosure and sale of the Mortgaged Property, any statute or rule of law at any time existing to the contrary notwithstanding.

# Notice.

* 1. All notices under this Security Agreement shall be:
     1. in writing, and shall be delivered, in person, mailed, postage prepaid, either by registered or certified delivery, return receipt requested, or sent by overnight express courier;
     2. addressed to the intended recipient at its respective address set forth at the end of this Security Agreement; and
     3. deemed given on the earlier to occur of:
        + 1. the date when the notice is received by the addressee; or
          2. if the recipient refuses or rejects delivery, the date on which the notice is so refused or rejected, as conclusively established by the records of the United States Postal Service or such express courier service.
  2. Any party to this Security Agreement may change the address to which notices intended for it are to be directed by means of notice given to the other party in accordance with this Section 8.
  3. Any required notice under this Security Agreement which does not specify how notices are to be given shall be given in accordance with this Section 8.

# Mortgagee-in-Possession.

Borrower acknowledges and agrees that the exercise by Lender of any of the rights conferred in this Security Agreement shall not be construed to make Lender a mortgagee-in-possession of the Mortgaged Property so long as Lender has not itself entered into actual possession of the Land and Improvements.

# Release.

Upon payment in full of the Indebtedness, Lender shall cause the release of this Security Agreement and Borrower shall pay Lender’s costs incurred in connection with such release.

# Governing Law; Consent to Jurisdiction and Venue.

* 1. The validity, enforceability, interpretation, and performance of this Security Agreement shall be governed by State law without giving effect to any conflict of law or choice of law rules that would result in the application of the laws of another jurisdiction.
  2. In the administration or litigation of a controversy arising under or in relation to this Security Agreement or the security for the Indebtedness, Borrower consents to the exercise of personal jurisdiction by State court or federal court in such State. Borrower agrees that the State courts have subject matter jurisdiction over such controversies. If Lender elects to sue in State court, Borrower waives any right to remove to federal court or to contest the State court’s jurisdiction. Borrower waives any objection to venue in any State court or federal court in such State, and covenants and agrees not to assert any objection to venue, whether based on inconvenience, domicile, habitual residence, or other ground.

# Miscellaneous Provisions.

* 1. This Security Agreement shall bind, and the rights granted by this Security Agreement shall benefit, the successors and assigns of Lender. This Security Agreement shall bind, and the obligations granted by this Security Agreement shall inure to, any permitted successors and assigns of Borrower under the Loan Agreement. If more than one (1) person or entity signs this Security Agreement as Borrower, the obligations of such persons and entities shall be joint and several. The relationship between Lender and Borrower shall be solely that of creditor and debtor, respectively, and nothing contained in this Security Agreement shall create any other relationship between Lender and Borrower. No creditor of any party to this Security Agreement and no other person shall be a third party beneficiary of this Security Agreement or any other Loan Document.
  2. The invalidity or unenforceability of any provision of this Security Agreement or any other Loan Document shall not affect the validity or enforceability of any other provision of this Security Agreement or of any other Loan Document, all of which shall remain in full force and effect. This Security Agreement contains the complete and entire agreement among the parties as to the matters covered, rights granted and the obligations assumed in this Security Agreement. This Security Agreement may not be amended or modified except by written agreement signed by the parties hereto.
  3. The following rules of construction shall apply to this Security Agreement:
     1. The captions and headings of the sections of this Security Agreement are for convenience only and shall be disregarded in construing this Security Agreement.
     2. Any reference in this Security Agreement to an “Exhibit” or “Schedule” or a “Section” or an “Article” shall, unless otherwise explicitly provided, be construed as referring, respectively, to an exhibit or schedule attached to this Security Agreement or to a Section or Article of this Security Agreement.
     3. Any reference in this Security Agreement to a statute or regulation shall be construed as referring to that statute or regulation as amended from time to time.
     4. Use of the singular in this Security Agreement includes the plural and use of the plural includes the singular.
     5. As used in this Security Agreement, the term “including” means “including, but not limited to” or “including, without limitation,” and is for example only, and not a limitation.
     6. Whenever Borrower’s knowledge is implicated in this Security Agreement or the phrase “to Borrower’s knowledge” or a similar phrase is used in this Security Agreement, Borrower’s knowledge or such phrase(s) shall be interpreted to mean to the best of Borrower’s knowledge after reasonable and diligent inquiry and investigation.
     7. Unless otherwise provided in this Security Agreement, if Lender’s approval, designation, determination, selection, estimate, action or decision is required, permitted or contemplated hereunder, such approval, designation, determination, selection, estimate, action or decision shall be made in Lender’s sole and absolute discretion.
     8. All references in this Security Agreement to a separate instrument or agreement shall include such instrument or agreement as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.
     9. “Lender may” shall mean at Lender’s discretion, but shall not be an obligation.

# Time is of the Essence.

Borrower agrees that, with respect to each and every obligation and covenant contained in this Security Agreement and the other Loan Documents, time is of the essence.

# WAIVER OF TRIAL BY JURY.

**TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE STATE LAW, EACH OF BORROWER AND LENDER (BY ITS ACCEPTANCE HEREOF) (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS SECURITY AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES AS BORROWER AND LENDER THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH OF BORROWER AND LENDER, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.**

# Acknowledgment of Receipt.

Borrower acknowledges receipt of a copy of this Security Agreement, the Note and the other Loan Documents.

**ATTACHED EXHIBITS.** The following Exhibits are attached to this Security Agreement and incorporated fully herein by reference:

|**X**| Exhibit A Description of the Land (required)

| | Exhibit B Modifications to Security Agreement

**[DRAFTING NOTE: DRAFTER MUST REVIEW ALL SECTIONS OF THE ABOVE SECURITY INSTRUMENT THAT ARE MODIFIED BY ANY EXHIBIT AND INCORPORATE ANY STATE-SPECIFIC LANGUAGE INCLUDED ABOVE INTO THE MODIFIED SECTIONS IN THE EXHIBIT.]**

**[Remainder of Page Intentionally Blank]**

**IN WITNESS WHEREOF**, Borrower has signed and delivered this Security Agreement under seal (where applicable) or has caused this Security Agreement to be signed and delivered by its duly authorized representative under seal (where applicable). Where the laws of the Property Jurisdiction so provide, Borrower intends that this Security Agreement shall be deemed to be signed and delivered as a sealed instrument.

|  |  |
| --- | --- |
|  | **BORROWER**: |
|  | By: (SEAL)  Name:  Title: |
|  | The name, chief executive office and organizational identification number of Borrower (as Debtor under any applicable Uniform Commercial Code) are:  Debtor Name/Record Owner:  Debtor Chief Executive Office Address:        Debtor Organizational ID Number:  **[INSERT BORROWER NOTICE ADDRESS IF DIFFERENT]** |

**[DRAFTING NOTE: THIS DOCUMENT MUST BE EXECUTED BEFORE A PUERTO RICO NOTARY PUBLIC IF THIS IS NOT EXECUTED IN PUERTO RICO, A COUNTY CLERK CERTIFICATE, APOSTILLE OR EQUIVALENT SHOULD BE ATTACHED]**

Affidavit Number: \_\_\_\_\_\_

Acknowledged and subscribed before me by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, of legal age, \_\_\_\_\_\_\_\_\_\_\_, business executive and resident of \_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_, as \_\_\_\_\_\_\_\_ of \_\_\_\_\_\_\_\_\_., personally known to me. In \_\_\_\_\_\_\_\_\_\_, Puerto Rico, this \_\_\_ day of \_\_\_\_\_\_\_\_\_.

Notary Public

|  |  |
| --- | --- |
|  | **LENDER**: |
|  | By: (SEAL)  Name:  Title: |
|  | The name and chief executive office of Lender (as Secured Party) are:  Secured Party Name:  Secured Party Chief Executive Office Address:        **[INSERT LENDER NOTICE ADDRESS IF DIFFERENT]** |

**[DRAFTING NOTE: THE SIGNATURE OF LENDER’S REPRESENTATIVE DOES NOT NEED TO BE NOTARIZED][DRAFTING NOTE: if Borrower is married, THE SPOUSE NEEDS TO EXECUTE ALL DOCUMENTS UNLESS IT CAN PROVIDE EVIDENCE THAT THE SPOUSES ARE NOT SUBJECT TO THE COMMUNITY PROPERTY REGIME OF THE COMMONWEALTH OF PUERTO RICO]**

**EXHIBIT A**

**[DESCRIPTION OF THE LAND]**

SCHEDULE I

**LEASE SCHEDULE AS OF THE EFFECTIVE DATE**

**[DRAFTING NOTE: THE DESCRIPTION OF EACH LEASE SHOULD INCLUDE ITS TITLE AND DATE, THE NAMES OF THE PARTIES AND ANY AMENDMENTS]**

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SCHEDULE II

**COLLATERAL ASSIGNMENT OF PAYMENT OF LEASES**

**NOTICE OF ASSIGNMENT**

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

TO: Lessee Identified on Schedule A

RE: Lease Agreements between **[BORROWER]** and you (the “**Lease**”)

Please take notice that **[BORROWER]** (the “**Lessor**”) has entered into a financing arrangement with [\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_], as assigned to FANNIE MAE (the “**Lender**”), pursuant to which the Lessor has irrevocably assigned to the Lender as collateral security monies due or to become due to the Lessor under the Lease.

The assignment document provides that the Lender may, in the future, ask you to remit all payments under the Lease directly to the Lender, and after receipt of such notice you are directed to remit to the Lender all payments then due or thereafter coming due under the Lease. Until receipt of any such notice from the Lender, please continue to remit all payments due or to become due under the Lease to the Lessor.

Kindly return to us a copy of this Notice with your signature on Schedule A as evidence of receipt of this Notice and your acknowledgement that you have no notice of any prior assignment by Lessor of your Lease.

**BORROWER**:

**[INSERT BORROWER SIGNATURE BLOCK]**

**LENDER**:

**[INSERT LENDER SIGNATURE BLOCK]**

**SCHEDULE A**

Lessee:

**ACKNOWLEDGMENT**

We acknowledge receipt of this Notification. There are no prior assignments of the Lease by **[BORROWER]** of which we have been notified.

By:

Name:

Date:

**PLANILLA II**

**CESIÓN EN COLATERAL DE PAGOS BAJO CONTRATOS DE ARRENDAMIENTO**

**NOTIFICACIÓN DE CESIÓN**

Fecha: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

A: Los Arrendatarios identificados en el Anejo A

ASUNTO: Contratos de Arrendamiento entre **[ARRENDADOR]** y Usted (el “**Arrendamiento**”)

Por favor tomar conocimiento de que **[ARRENDADOR]**(el “**Arrendador**”) ha otorgado un acuerdo financiero con [\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_], según cedido a FANNIE MAE (el “**Acreedor**”), mediante el cual el Arrendador ha irrevocablemente cedido al Acreedor como colateral cantidades vencidas o por vencer bajo el Arrendamiento.

El documento de cesión provee que el Acreedor puede, en un futuro, pedirle a usted que remita los pagos debidos bajo el Arrendamiento directamente al Acreedor, y luego del recibo de dicha notificación usted está instruido a remitir al Acreedor todos los pagos vencidos o a vencer luego de dicha fecha bajo el Arrendamiento. Hasta el recibo de dicha notificación de parte del Acreedor favor de continuar remitiendo los pagos vencidos o por vencer al Arrendador bajo el Arrendamiento al Arrendador.

Agradecemos que devuelva una copia de esta Notificación con su firma en al Anejo A evidenciando su recibo a esta Notificación y su reconocimiento de que usted no ha recibido notificación de una cesión previa de su Arrendamiento por el Arrendatario.

**ARRENDADOR**

**[ARRENDADOR]**

Por: (SELLO)

Nombre:

Título:

**[Acreedor]**

Por: (SELLO)

Nombre:

Título:

**ANEJO A**

Arrendatario:

**RECONOCIMIENTO Y ACEPTACIÓN**

Acusamos recibo de esta Notificación. No existen cesiones anteriores del Arrendamiento por **[ARRENDADOR]** de las cuales hayamos sido notificados.

Por:

Nombre:

Fecha:

**SCHEDULE III**

**CONFIRMATION OF ASSIGNMENT AND DELIVERY NOTICE**

**CONFIRMATION OF ASSIGNMENT AND DELIVERY NOTICE** dated \_\_\_\_\_\_\_\_\_\_\_ (the “**Confirmation**”), made by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“**Borrower**”) in favor of Fannie Mae **(**“**Lender**”**)**.

1. This Confirmation is executed and delivered pursuant to the terms of Section 3(j) of that certain Multifamily Pledge, Assignment of Leases and Rents, Security Agreement, and Fixture Filing dated as of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ by and between Borrower and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(as original Lender) as further assigned to Fannie Mae (as supplemented by this Confirmation and as the same has been and may hereafter be supplemented by any other Confirmation or otherwise amended or modified, the “**Assignment of Leases**”). Capitalized terms used and not specifically defined herein have the meanings given to such terms in the Loan Agreement.
2. Borrower confirms and reaffirms the assignment and security interest in the Leases and Rents granted to Lender under the Assignment of Leases, and as additional collateral security for the prompt and complete payment and performance when due of all Indebtedness, Borrower hereby delivers to Lender, and hereby assigns and grants to Lender a first priority Lien in the additional Lease(s) listed on Schedule A annexed hereto.
3. Borrower hereby represents and warrants that it has complied with all covenants contained in Section 3(j) of the Assignment of Lease, including with respect to the delivery of the Collateral Assignment Notice to each tenant under the additional Lease(s) listed on Schedule A hereto. In addition, Borrower represents and warrants that this Confirmation has been duly executed and delivered by Borrower and constitutes a legal, valid and binding obligation of Borrower enforceable against Borrower in accordance with its terms.
4. This Confirmation is supplemental to the Assignment of Leases, forms a part thereof and is subject to all the terms thereof. Schedule I to the Assignment of Leases does, and shall be deemed to, include each Lease listed on Schedule A hereto.

**IN WITNESS WHEREOF**, Borrower has caused this Confirmation to be duly executed and delivered by its duly authorized officer on the date first set forth above.

**BORROWER**:

[\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_]

By: (SEAL)

Name:

Title:

**[INSERT APPLICABLE NOTARY BLOCK. IF THE CONFIRMATION IS NOT EXECUTED IN PUERTO RICO, A COUNTY CLERK CERTIFICATE, APOSTILLE OR EQUIVALENT SHOULD BE ATTACHED.]**

**SCHEDULE A**

**ADDITIONAL LEASES**

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| **DOCUMENT TITLE** | | **TENANT(S)** | **DATE** | **AMENDMENTS, IF ANY** |
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