**SCHEDULE 3**

**TO MULTIFAMILY LOAN AND SECURITY AGREEMENT**

**Schedule of Interest Rate Type Provisions (Structured ARM (SOFR))**

**and Fixed Rate Conversion Option**

# Defined Terms.

Capitalized terms not otherwise defined in this Schedule have the meanings given to such terms in the Definitions Schedule to the Loan Agreement.

# Failure to Pay Interest Rate Cap Proceeds.

Section 3.02(a) (Personal Liability of Borrower (Exceptions to Non-Recourse Provision) – Personal Liability Based on Lender’s Loss) of the Loan Agreement is hereby amended by adding the following to the end thereof:

([\_\_]) failure to pay as directed by Lender upon demand after an Event of Default (to the extent actually received by Borrower) all amounts due under any required Interest Rate Cap assigned to Lender.

# Interest Accrual; Interest Rate Cap.

## Accrual.

Except as otherwise provided in the Loan Agreement, interest shall accrue at the Adjustable Rate until the Mortgage Loan is fully paid.

## Interest Rate Cap.

If required by Lender, to protect against fluctuations in interest rates during the Loan Term, Borrower (and any other Borrower Affiliates party to the Interest Rate Cap) shall enter into that certain Interest Rate Cap Reserve and Security Agreement (the “**Cap Security Agreement**”). Pursuant to the terms of the Cap Security Agreement, Borrower shall make arrangements for a SOFR-based interest rate cap in form and substance satisfactory to Lender with a counterparty satisfactory to Lender (“**Interest Rate Cap**”) to be in place and maintained at all times until the earlier of the last day of the Loan Term and the Conversion Exercise Date. The seller of the Interest Rate Cap shall be a financial institution meeting the minimum requirements for hedge counterparties acceptable to Lender. Borrower shall be required to make Monthly Deposits (as defined in the Cap Security Agreement) to be held in an Interest Rate Cap Reserve Escrow Account (as defined in the Cap Security Agreement). As set forth in the Cap Security Agreement, Borrower agrees to cause all right, title, and interest in the Interest Rate Cap to be pledged to Lender as additional collateral for the Indebtedness. Any failure to comply with the terms of the Cap Security Agreement within the timeframes provided therein shall be an Event of Default under Section 14.01(b) of the Loan Agreement.

# Adjustable Rate; Index Replacement.

## Adjustments.

The Initial Adjustable Rate shall be effective until the first Rate Change Date. Thereafter, the Adjustable Rate shall change on each Rate Change Date based on fluctuations in the Current Index as determined by Lender, which determination shall be conclusive absent manifest error.

## Index Replacement.

**(1) Index Replacement Date.**

Notwithstanding anything to the contrary herein or in any other Loan Document, if an Index Transition Event and its related Index Replacement Date have occurred with respect to the Current Index, then the Index Replacement will replace the Current Index on such Index Replacement Date and all subsequent dates. The Index Replacement will become effective on the Index Replacement Date without any amendment or further action or consent of any other party to the Loan Agreement or any other Loan Document.

**(2)** **Index Replacement Conforming Changes.**

(i) In connection with the implementation of an Index Replacement, Lender shall have the right to make Index Replacement Conforming Changes from time to time. Notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Index Replacement Conforming Changes shall become effective without any further action or consent of Borrower.

(ii) Lender shall notify Borrower of (A) the occurrence of any Index Transition Event and its related Index Replacement Date, (B) the Index Replacement determined by Lender, and (C) any required Index Replacement Conforming Changes. Any determination, decision, or election made by Lender pursuant to this Section 3, including any determination by Lender with respect to tenor, rate, or adjustment, or of the occurrence or non-occurrence of an event, circumstance, or date, and any decision to take or refrain from taking any action or any selection, shall be conclusive and binding absent manifest error and may be made in Lender’s sole discretion and without consent from Borrower.

**(3) Federal Income Tax Treatment.**

For federal income tax purposes, Lender intends to effect the replacement of the Current Index with the Index Replacement in connection with an Index Transition Event such that the replacement will not result in a tax realization event under Section 1001 of the Internal Revenue Code and relevant Treasury Regulations promulgated thereunder.

# Fixed Monthly Principal Component.

Each amortizing Monthly Debt Service Payment shall include a principal payment equal to the Fixed Monthly Principal Component, which shall be determined using the Fixed Rate Amortization Factor.

# Notification of Interest Rate Change and Monthly Debt Service Payment.

Before each Payment Change Date, Lender shall notify Borrower of any change in the Adjustable Rate and the amount of the next Monthly Debt Service Payment.

# Correction to Monthly Debt Service Payments.

If Lender determines at any time that it has miscalculated the amount of a Monthly Debt Service Payment (whether because of a miscalculation of the Adjustable Rate or otherwise), then Lender shall give notice to Borrower of the corrected amount of the Monthly Debt Service Payment (and the corrected Adjustable Rate, if applicable) and if the corrected amount of the Monthly Debt Service Payment represents an increase, then Borrower shall, within thirty (30) calendar days thereafter, pay to Lender any sums that Borrower would have otherwise been obligated to pay to Lender had the amount of the Monthly Debt Service Payment not been miscalculated, or if the corrected amount of the Monthly Debt Service Payment represents a decrease and Borrower is not otherwise in default under any of the Loan Documents, then Borrower shall thereafter be paid the sums that Borrower would not have otherwise been obligated to pay to Lender had the amount of the Monthly Debt Service Payment not been miscalculated.

# Conversion to Fixed Rate.

## Conversion Option.

(1) Subject to the following terms and conditions, Borrower may exercise the Conversion Option pursuant to which the interest rate payable on the Mortgage Loan may be converted on a Payment Date during the Conversion Period from the Adjustable Rate to the Fixed Rate, after which the interest rate on the Mortgage Loan shall remain at the Fixed Rate until the New Maturity Date.

(2) For Mortgage Loans that are full-term interest-only, the Amortization Period from and after the Conversion Effective Date shall be three hundred sixty (360) months. For all other Mortgage Loans, including Mortgage Loans that are partial interest-only or amortizing, the Amortization Period from and after the Conversion Effective Date shall be:

(A) three hundred sixty (360) months, if (i) Borrower selects a Fixed Rate Option having a term greater than or equal to the original term of the Mortgage Loan from the Effective Date through the Maturity Date, and (ii) the most recent inspection of the Mortgaged Property by Lender resulted in a rating of either “1” or “2”; or

(B) in all other cases, the number of months equal to (i) three hundred sixty (360) months, minus (ii) the number of Monthly Debt Service Payments that have elapsed since the Effective Date.

**[DRAFTING NOTE: INSERT THE FOLLOWING IF LENDER PERMITS ANY REMAINING INTEREST ONLY PERIOD TO CONTINUE AFTER CONVERSION:** Notwithstanding the foregoing, if (1) the Mortgage Loan converts to a fixed rate Mortgage Loan during an interest-only period, and (2) Borrower elects a Fixed Rate Option with a Mortgage Loan term greater than or equal to the original term of the original Mortgage Loan, the remaining portion of the interest-only period shall carry over to the fixed rate Mortgage Loan and the Amortization Period shall commence following the completion of the interest-only period.**]**

(3) The Monthly Debt Service Payment following a Conversion shall be in an amount required to pay the unpaid principal balance of the Mortgage Loan immediately prior to the Initial Fixed Rate Payment Date in equal monthly installments, including accrued interest at the Fixed Rate, over the Amortization Period utilizing the 30/360 Interest Accrual Method even if Actual/360 is the Interest Accrual Method.

(4) Borrower’s right to exercise the Conversion Option shall lapse on the earlier of (A) at 5:00 p.m. (Eastern Time) on the last day of the Conversion Request Period (unless otherwise agreed to by Lender), if Borrower has not previously delivered to Lender a Conversion Request in accordance with the terms of this Section 7, or (B) on the Conversion Effective Date, if the Conversion Option is timely exercised but the Conversion does not become effective on such Conversion Effective Date.

## New MBS and No Prepayment Premium.

(1) Borrower acknowledges and agrees that the existing MBS for the Mortgage Loan shall be repaid and a new MBS shall be issued for the term of the Conversion. The closing of the Conversion is subject to the precondition that Lender must confirm with Fannie Mae that Fannie Mae is generally offering to purchase in the marketplace MBS of this execution type at the time Borrower delivers the Conversion Request to Lender and at the time the Conversion is rate locked.

(2) No Prepayment Premium shall become due in connection with the closing of the Conversion.

## Procedures for Conversion.

**(1) Conversion Request.**

(A) Subject to the terms of the Loan Agreement, if Borrower desires to exercise the Conversion Option, Borrower shall submit a Conversion Request to Lender, which shall include Borrower’s selection of a Fixed Rate Option. Borrower shall deliver the Conversion Request no earlier than the first day of the Conversion Request Period and no later than the last day of the Conversion Request Period, unless otherwise agreed to by Lender. Borrower may not submit a Conversion Request more than twice during any Loan Year. Borrower may not submit a Conversion Request if an Event of Default has occurred and is continuing at the time of the request or if an Event of Default has occurred at any time within the twelve (12) month period immediately preceding the date of the Conversion Request.

(B) The Conversion Request shall be accompanied by the Conversion Review Fee in the form of a check payable to Lender or by wire transfer to an account designated by Lender, which Conversion Review Fee shall be deemed earned by Lender and non-refundable upon receipt.

(C) Borrower shall submit to Lender, within five (5) days after receipt of a request therefor, all information relating to the operation of the Mortgaged Property required by Lender to determine the Net Cash Flow and whether the Mortgage Loan satisfies the Minimum Conversion Debt Service Coverage Ratio. If Borrower fails to provide such information within such period, Borrower’s Conversion Request shall be deemed canceled (however, such canceled Conversion Request shall count as a request for the Loan Year in which the request was made).

**(2) Conversion Eligibility Determination.**

(A) Within fifteen (15) days after receipt of a Conversion Request (or, if Lender requests additional information from Borrower pursuant to Section 7(c)(2)(B) of this Schedule, within fifteen (15) days after Lender’s receipt of such additional information), Lender shall provide Borrower with the Conversion Determination Notice which shall determine the Net Cash Flow of the Mortgaged Property, whether the Mortgage Loan satisfies the Minimum Conversion Debt Service Coverage Ratio, and the Maximum Fixed Rate to which the Mortgage Loan may be converted.

(B) Lender shall determine the Net Cash Flow for the trailing twelve (12) month period and whether the Mortgage Loan satisfies the Minimum Conversion Debt Service Coverage Ratio on the basis of the most recently received quarterly financial statements. In connection with any request by Lender for additional information, Borrower shall have five (5) days after Borrower’s receipt of such request to provide Lender with such additional information.

(C) Borrower may not exercise the Conversion Option unless Lender determines that, based upon the Net Cash Flow set forth in the Conversion Determination Notice and the Fixed Rate quoted in connection with a Rate Lock Request, the Debt Service Coverage Ratio for the Mortgaged Property is equal to or greater than the Minimum Conversion Debt Service Coverage Ratio.

**(3) Exercise of Conversion Option; Rate Lock Request.**

(A) If, after receipt of the Conversion Determination Notice, Borrower desires to exercise the Conversion Option, Borrower shall, no later than thirty-five (35) days prior to the last day of the Conversion Period (unless otherwise agreed to by Lender, provided that in no event shall the rate lock described below take place later than the date one month prior to the last day of the Conversion Period):

(i) provide Lender with a title report for the Mortgaged Property prepared by, or by an agent for, the issuer of the Title Policy, showing marketable fee simple or leasehold title to the Mortgaged Property (as applicable) to be vested in Borrower, free and clear of all Liens and other matters affecting title other than the Permitted Encumbrances;

(ii) pay to Lender the Good Faith Deposit; and

(iii) make a Rate Lock Request.

(B) After submission of the Rate Lock Request, if the Fixed Rate quoted to Borrower is greater than the Maximum Fixed Rate, Borrower shall not be permitted to accept the quoted Fixed Rate (or exercise its Conversion Option). If the Fixed Rate quoted to Borrower is less than or equal to the Maximum Fixed Rate and Borrower desires to lock the Fixed Rate, Borrower shall lock the Fixed Rate in the manner prescribed by Lender and the date of such rate lock shall be deemed the “**Conversion Exercise Date**.” In no event shall the Conversion Exercise Date be earlier than the date two (2) months prior to the Conversion Effective Date nor later than the date one (1) month prior to the Conversion Effective Date. On or before 5:00 p.m. (Eastern Time) of the Conversion Exercise Date, Borrower and Lender shall confirm to each other in writing from Lender to Borrower, acknowledged and accepted in writing by Borrower and transmitted, in each case, by facsimile or other electronic transmission acceptable to Lender, (i) the Fixed Rate, (ii) the New Maturity Date, (iii) the Conversion Effective Date, (iv) the new Monthly Debt Service Payment (v) the Initial Fixed Rate Payment Date, and (vi) the Conversion Closing Date (which date shall be no later than ten (10) days after the Conversion Exercise Date).

(C) If the Conversion closes, Lender shall refund the Good Faith Deposit to Borrower within thirty (30) days after the Conversion Closing Date. If Borrower pays the Good Faith Deposit but does not timely exercise the Conversion Option and the Fixed Rate is not rate locked, Lender shall refund the Good Faith Deposit to Borrower within forty-five (45) days after receipt of a written request from Borrower (and the interest rate shall remain at the Adjustable Rate). If Borrower timely exercises the Conversion Option and locks the Fixed Rate, but the Conversion is not effectuated for any reason other than a default by Lender in performing its obligations under the Loan Agreement, Borrower shall forfeit the Good Faith Deposit and (i) if the MBS Investor is not Fannie Mae, shall be fully liable for, and agrees to pay on demand, any and all loss, costs and/or damages incurred by Lender in connection with Borrower’s failure to effectuate the Conversion as provided herein, including any loss, costs and/or damages incurred by Lender in excess of the Good Faith Deposit, and (ii) if the MBS Investor is Fannie Mae or if the Mortgage Loan is held by Fannie Mae and does not back an MBS, the Good Faith Deposit shall serve as liquidated damages resulting from failure to effectuate the Conversion. Borrower expressly acknowledges that by electing to convert the interest rate on the Mortgage Loan to the Fixed Rate, and agreeing to the Fixed Rate as provided herein, Borrower is causing Lender to take a position in the financial markets in reliance thereon, and the failure of Borrower to convert the interest rate on the Mortgage Loan to the Fixed Rate as provided herein may cause Lender to incur economic damages.

## Amendment to Multifamily Loan and Security Agreement.

The Conversion shall be evidenced by the Conversion Amendment, which shall include a provision pursuant to which Borrower represents, warrants, and confirms the items set forth in Section 7(e)(1)(A), (B), (C), and (E) of this Schedule.

## Conditions Precedent to Closing of Conversion.

* 1. Borrower’s right to effectuate the Conversion and Lender’s obligation to execute and deliver the Conversion Amendment, shall be subject to satisfaction of the conditions precedent below.

(A) All representations and warranties of Borrower set forth in the Loan Documents shall be true and correct in all material respects on and as of the Conversion Closing Date as though made on and as of the Conversion Closing Date.

(B) Borrower shall have performed or complied with all of its obligations under the Loan Agreement to be performed or complied with on or before the Conversion Closing Date.

(C) As of the Conversion Closing Date, no Event of Default shall have occurred and be continuing (or any 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).

(D) On the Conversion Closing Date, Lender shall have received all of the following, each of which, where applicable, shall be executed by individuals authorized to do so, shall be dated as of the Closing Date, and shall be in form and substance acceptable to Lender:

(i) the Conversion Amendment;

(ii) an endorsement to the Title Policy or a new Title Policy as of the Conversion Closing Date showing that the Security Instrument constitutes a valid mortgage lien on the Mortgaged Property, with the same lien priority insured by the Title Policy on the Effective Date, subject only to the Permitted Encumbrances;

(iii) either (A) the Survey, redated to a date within fifteen (15) days prior to the Conversion Closing Date showing that there are no Liens or other matters that have arisen since the date of the Survey other than matters approved in writing by Lender, or (B) affirmative coverage in the title insurance endorsement referred to in Section 7(e)(1)(D)(ii) of this Schedule that there are no exceptions based upon the results of a visual inspection of the Mortgaged Property, or the absence of any exception based upon any facts or conditions which have arisen since the date of the Survey and which would be disclosed by a current survey of the Mortgaged Property;

(iv) if necessary, as determined by Lender, an amendment to the Security Instrument to be recorded in the land records and insured as a supplement to the Security Instrument to reflect the New Maturity Date;

(v) an opinion of counsel satisfactory to Lender as to such matters as Lender may reasonably request; and

(vi) such other documents as Lender may reasonably request related to the Loan Agreement, the Conversion Amendment or the transactions contemplated hereby or thereby.

(E) The Mortgaged Property shall not have been damaged, destroyed or subject to any condemnation or other taking, in whole or any material part.

(2) Borrower shall pay to Lender upon demand and as a condition to closing of the Conversion all of Lender’s out-of-pocket costs (including reasonable attorneys’ fees) incurred in reviewing and preparing any and all documents in connection with the Conversion, regardless of whether the Conversion is closed.

# Property Condition Assessment.

# Notwithstanding the provisions of Section 13.02(a)(3)(A) of the Loan Agreement, if the Conversion Option is exercised for any Mortgaged Property other than an “affordable housing property” (as indicated on the Summary of Loan Terms), and extends the Loan Term, then a new property condition assessment shall be required in the earlier of (a) the Loan Year that would have been the final Loan Year of the Mortgage Loan had the Conversion Option not been exercised, or (b) the tenth Loan Year. Notwithstanding anything to the contrary in the Loan Agreement, this language shall survive the Conversion and be applicable to the converted Mortgage Loan.

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