**EXHIBIT [\_\_]**

**MODIFICATIONS TO Multifamily LOAN AND SECURITY AGREEMENT**

**(Cooperative Property)**

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:

“**Cooperative Organization**” means a corporation or other legal entity which owns a Cooperative Property.

“**Cooperative Property**” means a multifamily residential property owned by a corporation or other legal entity in which each shareholder in such corporation or owner in such entity is granted the right to occupy unit(s) in the building under a proprietary lease or other occupancy agreement.

“**Cooperative Property Sponsor**” means any person or entity that has invested in, converted, or is converting a residential rental apartment building to a Cooperative Property and that may continue to own unsold shares in the Cooperative Organization.

“**Operating Reserves**” means liquid funds, including loan proceeds, established under the control of the Cooperative Organization to cover operating and capital expenses. Such funds shall be comprised of unrestricted cash, less the sum of accounts payable and any prepaid items or expenses.

1. The definition of “Borrower Affiliate” in the Definitions Schedule is hereby deleted in its entirety and restated to read as follows:

“**Borrower Affiliate**” means, as to Borrower, Guarantor, Key Principal or Cooperative Property Sponsor:

1. any Person that owns any direct ownership interest in Borrower, Guarantor, Key Principal, or Cooperative Property Sponsor;

(b) any Person that indirectly owns, with the power to vote, twenty percent (20%) or more of the ownership interests in Borrower, Guarantor, Key Principal, or Cooperative Property Sponsor;

(c) any Person Controlled by, under common Control with, or which Controls, Borrower, Guarantor, Key Principal, or Cooperative Property Sponsor;

(d) any entity in which Borrower, Guarantor, Key Principal or Cooperative Property Sponsor directly or indirectly owns, with the power to vote, twenty percent (20%) or more of the ownership interests in such entity, or

(e) any other individual that is related (to the third degree of consanguinity) by blood or marriage to Borrower, Guarantor, Key Principal or Cooperative Property Sponsor.

1. Section 8.02(b)(2) (Items to Furnish to Lender) of the Loan Agreement is hereby deleted in its entirety and restated to read as follows:

(2) within one hundred twenty (120) days after the end of each calendar year:

(A) an audited statement of income and expenses for Borrower and Guarantor for such calendar year, together with an unqualified accountant’s opinion in a form satisfactory to Lender, from an independent certified public accountant acceptable to Lender;

(B) an audited statement of cash flows of Borrower and Guarantor for such calendar year, together with an unqualified accountant’s opinion in a form satisfactory to Lender, from an independent certified public accountant acceptable to Lender;

(C) when requested by Lender, an audited balance sheet(s) showing all assets and liabilities of Borrower and Guarantor as of the end of such calendar year, together with an unqualified accountant’s opinion in a form satisfactory to Lender, from an independent certified public accountant acceptable to Lender; and

(D) a written certification ratifying and affirming that:

(i) Borrower has taken no action in violation of Section 4.02(d) regarding its single asset status;

(ii) Borrower has received no notice of any building code violation, or if Borrower has received such notice, evidence of remediation;

(iii) Borrower has made no application for rezoning nor received any notice that the Mortgaged Property has been or is being rezoned; and

(iv) Borrower has taken no action and has no knowledge of any action that would violate the provisions of Section 11.02(a) regarding liens encumbering the Mortgaged Property;

(E) an accounting of all security deposits held pursuant to all Leases, including the name of the institution (if any) and the names and identification numbers of the accounts (if any) in which such security deposits are held and the name of the person to contact at such financial institution, along with any authority or release necessary for Lender to access information regarding such accounts; and

(F) a statement that identifies all owners of any interest in Borrower and the interest held by each, and if Borrower is a corporation, the names of all officers and directors of Borrower, and if Borrower is a limited liability company, the names of all managers who are not members;

1. Section 8.03(a) (Lender’s Right to Obtain Audited Books and Records) of the Loan Agreement is hereby deleted in its entirety and restated to read as follows:

**(a) Lender’s Right to Obtain Audited Books and Records.**

If Borrower or Guarantor fails, in a timely manner, to provide any required audited materials, Lender shall have the right, at Borrower’s expense, to have such materials audited by independent certified public accountants selected by Lender. All related costs and expenses of Lender shall become immediately due and payable by Borrower within ten (10) Business Days after demand therefor.

1. The following article is hereby added to the Loan Agreement as Article [\_\_\_] (Cooperative Property):

**ARTICLE [\_\_\_]** **– COOPERATIVE PROPERTY**

**Section [\_\_].01 Cooperative Transfers.**

(a) Notwithstanding anything to the contrary contained in Section 6.02(a)(4) of this Loan Agreement, Lender hereby acknowledges and consents to Borrower’s use of the Mortgaged Property as a Cooperative Property.

(b) Notwithstanding anything to the contrary contained in Sections 7.03 or 11.02 of this Loan Agreement, so long as Borrower remains a Cooperative Organization and is not in breach of any covenant of this Loan Agreement including the covenant to pay when due any sums secured under this Loan Agreement and the other Loan Documents, Lender hereby:

(1) consents to the execution of leases of apartments for any term from Borrower to a tenant shareholder of Borrower, and to the surrender or termination of such leases of apartments where the surrendered or terminated lease is immediately replaced or where Borrower makes its best efforts to promptly secure such replacement by a newly executed lease of the same apartment to a tenant shareholder of Borrower; provided, however, that no consent is hereby given by Lender to any execution, surrender, termination or assignment of a lease under terms that would waive or reduce the obligation of the resulting tenant shareholder under such lease to pay Cooperative Property assessments in full when due or the obligation of the former tenant shareholder to pay any unpaid portion of such assessments;

(2) acknowledges that the transfer of more than forty-nine percent (49%) of the shares in the Cooperative Organization or the assignment of more than forty-nine percent (49%) of the occupancy agreements or proprietary leases relating thereto by tenant shareholders of the Cooperative Organization to other tenant shareholders shall not constitute a Transfer of Control in Borrower or a Transfer of a Restricted Ownership Interest for purposes of Section 11.02(b); and

(3) consents to the individual tenant shareholders of Borrower obtaining loans secured by a pledge of such shareholder’s proprietary lease and the shares of stock appurtenant thereto and the filing of financing statements against such shareholder’s proprietary lease and shares of stock.

(c) Notwithstanding anything to the contrary contained in Section 7.02(a) of this Loan Agreement, Lender hereby acknowledges and consents to Leases for residential dwelling units containing initial terms of more than two (2) years, so long as (1) such Leases, including proprietary leases, are subordinate to the lien of this Loan Agreement, and (2) Borrower remains a Cooperative Organization and is not in breach of any covenants of this Loan Agreement.

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

(a) Borrower agrees that it shall notify Lender of any proposed corporate action that requires the consent of more than a majority of eligible shareholders.

(b) Borrower covenants that for as long as there is any Indebtedness owing to Lender, Borrower shall not reduce the maintenance charges payable by its tenant shareholders under their proprietary leases or occupancy agreements below a level which is sufficient to pay all expenses of Borrower, including all operating and other expenses for the Mortgaged Property and all debt service owing under the Note. Borrower further covenants that if a receiver is appointed, Borrower agrees that the order appointing the receiver may contain a provision requiring the receiver to pay the Indebtedness owing hereunder, it being recognized that such debt service is a proper obligation of Borrower and must be paid out of maintenance charges payable by Borrower’s tenant shareholders under their proprietary leases or occupancy agreements.

(c) Borrower covenants that its Operating Reserves shall at all times equal or exceed ten percent (10%) of the annual maintenance charges or assessments due and payable by all shareholders or owners of the Cooperative Organization, provided it shall only be an Event of Default under this Loan Agreement if the Operating Reserves fail to equal or exceed such ten percent (10%) level for a period of six (6) consecutive months and such failure is not then cured within the subsequent six (6) months.

(d) Borrower agrees and acknowledges that any property manager of the Cooperative Property that is a Borrower Affiliate of a Cooperative Property Sponsor may be replaced without liability by Lender (1) immediately upon the occurrence of any Event of Default (or the occurrence of any event which, with the giving of notice or the passage of time, or both, would constitute an Event of Default), without cause, or (2) at any time with a showing of cause upon thirty (30) days written notice.

**[Remainder of Page Intentionally Blank]**