**EXHIBIT [\_\_\_]**

**MODIFICATIONS TO MULTIFAMILY LOAN AND SECURITY AGREEMENT**

**(King County, WA)**

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. Section 2.03(e) (Lockout/Prepayment – Casualty and Condemnation) of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

**(e) Casualty and Condemnation.**

(1) Notwithstanding any provision of this Loan Agreement to the contrary, no Prepayment Premium shall be payable with respect to any prepayment occurring as a result of the application of (i) any insurance proceeds received in connection with a casualty or (ii) any amounts received in connection with a Condemnation Action in accordance with this Loan Agreement.

(2) To the extent permitted by applicable law:

(A) If applicable law expressly requires that the condemnor or acquiring entity reimburse prepayment premiums incurred in connection with a prepayment occurring as a result of a Condemnation Action, the Prepayment Premium shall be deemed due and payable and Borrower shall pay it in full; or

(B) If applicable law does not expressly require that the condemnor or acquiring entity reimburse prepayment premiums incurred in connection with a prepayment occurring as a result of a Condemnation Action, Borrower shall pay the Prepayment Premium to the extent that amounts received in connection with such Condemnation Action are in excess of the amounts necessary to pay the sum of:

(i) the entire unpaid principal balance of the Mortgage Loan; plus

(ii) all Accrued Interest (calculated through the last day of the month in which the prepayment occurs); plus

(iii) all other Indebtedness owing other than the Prepayment Premium.

With respect to Section 2.03(e)(2)(B) above, if the amounts received in connection with the Condemnation Action exceed the sum of (B) (i), (ii) and (iii) above, the excess shall be applied toward the payment of the Prepayment Premium. If the amount applied toward payment of the Prepayment Premium is insufficient to pay the Prepayment Premium in full, no further payments of the Prepayment Premium shall be due and payable by Borrower.

**[DRAFTING NOTE: INSERT THE FOLLOWING IF THE LOAN IS SUBJECT TO DEFEASANCE:**

(3) In connection with any Condemnation Action for the total condemnation or taking of the Mortgaged Property, Borrower shall only obtain a release of the Lien of the Security Instrument by obtaining Defeasance in accordance with the provisions of Article [\_\_] (Defeasance). In the Event of such Condemnation Action, the Defeasance Closing Date shall be the date such condemnation award is received by Borrower.**]**

1. Section 10.01(b) (Representations and Warranties – Pending Condemnation Actions) of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

**(b) Pending Condemnation Actions.**

No Condemnation Action is pending or, to Borrower’s knowledge, is threatened for the partial or total condemnation or taking of the Mortgaged Property, and Borrower has not engaged in discussions with nor received any inquiry, solicitation of interest or other correspondence from any Governmental Authority regarding any potential Condemnation Action, including any potential sale in anticipation of a Condemnation Action or other potential sale of any part of the Mortgaged Property to a Governmental Authority.

1. Section 10.02(a) (Covenants – Notice of Condemnation) of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

**(a) Notice of Condemnation.**

Borrower shall:

1. promptly notify Lender of any Condemnation Action of which Borrower has knowledge,including any discussions with or inquiry, solicitation of interest or other correspondence from any Governmental Authority regarding any potential Condemnation Action, including any potential sale in anticipation of a Condemnation Action or any other potential sale of any part of the Mortgaged Property to a Governmental Authority;
2. appear in and prosecute or defend, at its own cost and expense, any action or proceeding relating to any Condemnation Action, including any defense of Lender’s interest in the Mortgaged Property tendered to Borrower by Lender, unless otherwise directed by Lender in writing;
3. not otherwise consent to, or encourage or actively participate in any negotiation to, sell the Mortgaged Property to a Governmental Authority that may result in less than the Indebtedness owed, including the Prepayment Premium, being paid in full by Borrower; and
4. execute such further evidence of assignment of any condemnation award in connection with a Condemnation Action as Lender may require.

**[Remainder of Page Intentionally Blank]**