GROUND LEASE
(Villas on McQueen)

This Ground Lease (this "Lease") is entered into as of the _____ day of ______________, 2024 (the "Effective Date") by and between the City of Chandler, Arizona, a political subdivision of the State of Arizona, located at 175 South Arizona Avenue, Chandler, Arizona 85225 (hereinafter "Landlord"), and Villas on McQueen, LLC, an Arizona limited liability company, located at 200 North Main Street, Oregon, Wisconsin, 53575 (hereinafter "Tenant").

Unless otherwise defined herein, capitalized terms used in this Lease shall have the meanings ascribed to them parenthetically or in Section 2.1 of this Lease.

RECITALS:

This Lease is entered into in conjunction with Landlord's goal of establishing and preserving the City of Chandler's public and affordable housing. Specifically, the Resolution No. 5604 approved by the Chandler City Council on July 14, 2022 (the "Resolution") to allow Landlord to take the necessary steps to enter into a U.S. Department of Housing and Urban Development's ("HUD") Rental Assistance Demonstration program ("RAD Program") for property known as Villas on McQueen, located in Chandler, Arizona. This Lease is made in accordance with the Resolution.

The development of the property contemplated by the Resolution and this Lease is in the vital and best interest of establishing and preserving the Landlord's affordable housing.

ARTICLE 1 — LEASE OF THE SITE

§ 1.1. Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, upon and in consideration of the terms and conditions contained herein, that certain parcel of land which is legally described on Exhibit A (the "Land"), together with all appurtenances, including a subsurface easement and right of support for such land and all improvements constructed thereon, and any and all other improvements presently existing thereon (collectively, the Land and the foregoing are the "Premises"). This Lease, and the right of Tenant hereunder are subject to the following:

A. covenants, restrictions, easements, agreements, and reservations of record as of the Effective Date (collectively, the "CC&Rs");

B. present and future building restrictions and regulations, zoning laws, ordinances, resolutions and regulations of the municipality in which the land lies and all present and future ordinances, laws, regulations and orders of all boards, bureaus, commissions, and bodies of any municipal, county, state, or federal authority, now or hereafter having jurisdiction; and

C. except as expressly set forth in Article 30 with respect to certain environmental matters, the condition and state of repair of the Premises as the same may be on the Effective Date.

§ 1.3. Term. The term of this Lease (the "Term") shall commence on the Effective Date and, shall expire the day preceding the ninety-ninth (99^{th}) anniversary of the Effective Date, unless this Lease is extended or sooner terminated in accordance with the terms of this Lease.

ARTICLE 2 — DEFINITIONS

§ 2.1. Definitions. For the purposes of this Lease, the following words shall have the definition and meaning hereafter set forth.

"Applicable Laws": As defined in Section 9.1.

"CC&Rs": As defined in Section 1.2.A.

"Certificate of Occupancy": As defined in Section 9.2.

"Depositary": The Lienholder with the first deed of trust of record or, if there be none, a bank or trust company selected by Tenant having its principal office in Maricopa County with a net worth of not less than $20 million.

"Enforced Delay": As defined in Section 28.1.

"Event of Default": As defined in Section 18.1.

"Federal Investor Member": RBC Community Investments, LLC, an Illinois limited liability company, its successors and assigns.

"Federal Investor Special Member": RBC Community Investments Manager II, Inc., a Delaware corporation, its successors and assigns].

"Fee Estate": As defined in Section 17.6.

"Impositions": As defined in Section 4.1.

"Improvements": As defined in Section 8.2.

"Institutional Lender": Any savings bank, bank or trust company, savings and loan association, insurance company, mortgage banker, mortgage broker, finance company, college or university, governmental pension or retirement funds or systems, any pension retirement funds or systems of which any of the foregoing shall be trustee, any governmental entity or government sponsored entity, provided the same be organized under the laws of the United States or of any State thereof; or a Real Estate Investment Trust as defined in § 856 of the Internal Revenue Code of 1986 as amended.

"Investor Members": collectively the Federal Investor Member, the Federal Investor Special Member and the State Investor Member.

"Land": As defined in Section 1.1.

"Landlord": The City and any successor as fee owner of the Land.

"Leasehold Estate": Tenant's interest in this Lease, the leasehold estate in the Premises created hereby and Tenant's interest in the Improvements.

"Lender(s)": As defined in Section 17.4.

"Lienholders": As defined in Section 17.7.

"Premises": As defined in Section 1.1.

"Project": As defined in Section 10.1.

"State Investor Member": VOM Investor, LLC, a Delaware limited liability company.

"Tenant": The Tenant named herein and its successors and assigns.

"Term": as defined in Section 1.2.

"Use Agreement": As defined in Section 31.4.

"Work": As defined in Section 14.1.

ARTICLE 3 — PAYMENT OF RENT

§ 3.1. Rent. Tenant shall pay base rent for the Premises ("Base Rent") in an initial amount equal to $4,000.00 per year during the first year of the term, increasing at a rate of three percent per annum (3%). In addition to Base Rent, Tenant shall also pay to Landlord Additional Payments (defined below) as and when due under this Lease, which shall be included in the definition of "Rent" under this Lease.

§ 3.2. Net Lease. This Lease is a net lease and the Landlord shall not be required to make any expenditure in connection with the Premises and all costs, expenses and obligations of every kind relating to the Premises which may arise or come due during the term of this Lease shall be paid by Tenant.

§ 3.3. Taxes. As required under Arizona Revised Statutes §42-6206, the Tenant is hereby notified of its potential tax liability under the Government Property Lease Excise Tax provisions of Arizona Revised Statutes §42-6201, et seq. Tenant shall pay any such tax due, if any, in accordance with law. Landlord warrants and represents that it has complied with, and shall continue to comply with, all applicable requirements of Arizona Revised Statutes §42-6201, et seq. imposing obligations of "government lessor" and has fulfilled and/or will continue to fulfill all such obligations of a "government lessor" set forth therein**.** On the Effective Date, and annually thereafter, if necessary, Landlord shall apply for and diligently seek to obtain and maintain a property tax exemption for the Project.

ARTICLE 4 — ADDITIONAL PAYMENTS

§ 4.1. "Additional Payments" Defined. Tenant shall pay as Additional Payments during the Term, without notice (except as specifically provided) and without abatement, deduction or setoff (except as provided in Section 4.3), before any fine, penalty, interest, or cost may be added thereto, or become due or be imposed by operation of law for the nonpayment thereof, all sums, impositions, costs, expenses and other payments and all taxes (including personal property taxes and taxes on rents, leases or occupancy, if any levied against Tenant), assessments, special assessments, enhanced municipal services district assessments, water and sewer rents, rates and charges, charges for public utilities, excises, levies, licenses, and permit fees, and other governmental or quasi-governmental charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever which, relating to the Term that may be assessed, levied, confirmed, imposed upon, or grow or become due and payable out of or with respect to, or become a lien on, the Premises or any part thereof, or any appurtenances thereto (all of which are sometimes herein referred to collectively as "Impositions" and individually as an "Imposition") provided, however, that:

A. if, by law, any Imposition may at the option of the Tenant be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Tenant may exercise the option to pay the same (and any accrued interest on the unpaid balance of such Imposition) in installments and in such event, shall pay such installments as they become due during the Term before any fine, penalty, further interest or cost may be added thereto; and

B. any Imposition (including Impositions which have been converted into installment payments by Tenant, as referred to in paragraph (A) of this Section 4.1) relating to a fiscal period of the taxing authority, a part of which period is included within the Term and a part of which is included in the period of time after the expiration of the Term shall (whether or not such Imposition shall be assessed, levied, confirmed, imposed upon or become a lien upon the Premises, or shall become payable, during the Term) be adjusted between Landlord and Tenant as of the expiration of the Term, so that Tenant shall pay that portion of such Imposition attributable to the Term and Landlord shall pay the remainder thereof.

§ 4.2. **Payments**. Tenant shall pay all Impositions directly to the taxing authority or authorities and simultaneously therewith provide Landlord written notice of the payment, unless such Impositions are payable to Landlord (i.e., they are payable to the City of Chandler or one of its departments in its capacity as the authority such Impositions are payable to).

§ 4.3. **Contest**. Tenant, if it shall so desire, may contest the validity or amount of any Imposition, in which event, Tenant may defer the payment thereof during the pendency of such contest to the extent permitted by and in accordance with applicable laws relating to the same. In such event, Tenant shall provide Landlord written notice of the protest and the outcome of same unless the Imposition in question is payable to Landlord (i.e., they are payable to the City of Chandler or one of its departments in its capacity as the authority such Imposition is payable to).

§ 4.4. **Assessment Reduction**. Tenant may, if it shall so desire, endeavor at any time to obtain a lowering of an Imposition or any other tax or assessment upon the Premises for the purpose of reducing the amount thereof to the extent permitted by and in accordance with applicable law relating to the same. Tenant shall be authorized to collect any refund payable as a result of any proceeding Tenant may institute for that purpose and any such refund shall be the property of Tenant to the extent to which it may be based on a payment made by Tenant. In such event, Tenant shall provide Landlord written notice of the reduction, unless such reduction relates to a tax or assessment payable to Landlord (i.e., to the City of Chandler or one of its departments in its capacity as the authority such tax or assessment is payable to).

ARTICLE 5 — INSURANCE

§ 5.1. **Tenant Obligation to Insure**. Tenant shall procure and maintain for the duration of this Lease, at Tenant's own cost and expense, insurance against claims for injuries to persons or damages to property which may arise from or in connection with this Lease by the Tenant, its agents, subtenants, employees, contractors, licensees or invitees in accordance with the insurance requirements set forth in Exhibit B.

Landlord shall be named as an additional insured with respect to all Tenant insurance policies. All insurance required to be carried by Tenant shall be with an insurance company authorized to do business in the State of Arizona. If requested by Landlord, Tenant shall deliver to Landlord certificates of insurance evidencing the insurance required to be carried by Tenant under this Lease prior to commencement of the Term and upon renewals not less than thirty (30) days prior to the expiration of such coverage.

§ 5.2. Failure to Maintain Insurance. If Tenant fails or refuses to provide a copy of the renewal insurance certificates, together with evidence of payment of premiums therefor, or otherwise fails or refuses to procure or maintain insurance as required by this Lease, Landlord shall have the right, at Landlord's election, and without notice, to procure and maintain such insurance after providing Tenant with a written notice that it intends to do so and the passage of thirty (30) days' time from the delivery of such notice, unless Tenant produces the required certificates within such time period. The premiums paid by Landlord shall be due and payable from Tenant to Landlord, as an Additional Payment as defined above, on the first day of the month following the date on which the premiums were paid. Landlord shall give prompt notice of the payment of such premiums, stating the amounts paid and the names of the insurer(s) and insured(s). The lapse or cancellation of any policy of insurance required herein, in whole or in part for the benefit of Landlord, shall be an event of default, curable at any time by Tenant obtaining a new or renewed policy is issued which specifically provides the required coverage, and Tenant providing evidence of the same to Landlord, which policy will include coverage for any liability arising during the lapsed or previously uncovered period.

ARTICLE 6 — SURRENDER

§ 6.1. Surrender--Removable Property. Upon the expiration of the Term or on the sooner termination thereof, Tenant shall peaceably and quietly leave, surrender, and yield up to the Landlord all of the Premises and Improvements, removing all of Tenant's personal property from the same, and shall repair all damage to the Premises or Improvements caused by or resulting from the removal of any removable property of Tenant, if any, normal wear and tear excepted. Tenant shall not be required to remove any portion of the Improvements constituting real property or fixtures except as expressly set forth herein.

§ 6.2. Waste. Tenant shall not commit or suffer to be committed any material waste or impairment of the Premises (it being acknowledged that removal and demolition of any of the existing improvements on the Premises is expressly permitted).

§ 6.3. Title to Improvements. Upon the termination or expiration of this Lease, title to the Improvements shall automatically vest in Landlord without the requirement of any deed, conveyance, or bill of sale thereon. However, if Landlord or Tenant should reasonably require any such documents or instruments in confirmation thereof, Tenant and Landlord shall execute, acknowledge, and deliver the same.

§ 6.4. Soil and Buildings Tests. If Landlord reasonably believes that Tenant has violated any of the covenants in Article 30 of this Lease regarding compliance with Environmental Laws (as defined herein), then Landlord may require that Tenant, within the three (3) months immediately preceding the expiration of this Lease or within (2) two months of any earlier termination of the Lease, deliver to Landlord a soil and building conditions report prepared in compliance with then current ASTM standards by an independent qualified engineer, licensed by the State of Arizona, stating that the Premises are free of any Regulated Substances (as they are hereinafter defined) or identified by either the United States Environmental Protection Agency or similar State agency as such that are in violation of Environmental Laws, other than those that are in full compliance with Environmental Laws and are an ordinary part of the construction and operation of the Improvements (such Regulated Substances are "Permitted Regulated Substances"). If any Regulated Substances are identified other than Permitted Regulated Substances, Tenant is fully personally liable for removing such Regulated Substances (if required by Environmental Laws) and leaving the Premises in compliance with Environmental Laws, except to the extent Landlord is responsible for such matters pursuant to Article 30.

§ 6.5. Failure to Correct Hazardous Conditions or Obtain Tests. Should Tenant fail to deliver to Landlord the report required by Section 6.4 (if any), Landlord may cause a report to be prepared to like effect and Tenant shall be liable to Landlord for one the actual costs of said report. Should the report provided by either Landlord or Tenant state that the Premises contains any present in Regulated Substances (other than Permitted Regulated Substances) , Tenant shall forthwith cause such condition to be fully corrected at Tenant's expense, except to the extent such Regulated Substances constitute and Existing Environmental Condition (as defined in Article 30) or occurred as a result of any act or omission of Landlord, its employees, agents, businesses or contractors, or those for whom Landlord may be liable. Tenant shall be allowed access to the Premises following lease expiration or termination to the extent necessary to remove or otherwise correct any conditions required to be corrected under this Section 6.5, and shall conduct no gainful business activity whatsoever at said Premises.

§ 6.6. Survival of Provisions. The provisions of this Article 6 shall survive the expiration or any termination of this Lease.

ARTICLE 7 — LANDLORD'S PERFORMANCE FOR TENANT

§ 7.1. Cures--Rights, Costs, and Damages. If Tenant shall fail to pay any Imposition or make any other payment required to be made under this Lease or shall default in the performance of any other covenant, agreement, term, provision, limitation, or condition herein contained, Landlord, without being under any obligation to do so and without thereby waiving such default, may make such payment and/or remedy such other default for the account and at the expense of Tenant, immediately and without notice. Bills for any expense required by Landlord in connection therewith, and bills for all such expenses and disbursements of every kind and nature whatsoever, including reasonable attorney's or administrative fees, involved in collection or endeavoring to collect the Additional Payments or any part thereof, or enforcing or endeavoring to enforce any right against Tenant, under or in connection with this Lease, or pursuant to law, including (without being limited to) any such cost, expense, and disbursements involved in instituting and prosecuting summary proceedings, as well as bills for any property, material, labor, or services provided furnished, or rendered, or caused to be furnished or rendered, by

Landlord to Tenant, with respect to the Premises and other equipment and construction work done for the account of the Tenant together with interest at the rate of five percent (5%) per annum compounded monthly from the respective dates of the Landlord's making of each such payment or incurring of each such cost or expense, may be sent by Landlord to Tenant monthly, or immediately, at Landlord's option, and shall be due and payable in accordance with the terms of said bills and if not paid when due the amount thereof shall immediately become due and payable as Additional Payments.

ARTICLE 8 — USES AND MAINTENANCE

§ 8.1. Absence of Warranties. Tenant has leased the Premises after a full and complete examination thereof, as well as the title thereto and knowledge of its present uses. Tenant accepts the same in the condition or state in which they now are without any representation or warranty, express or implied in fact or by law, by Landlord and without recourse to Landlord, as to the title thereto, the nature, condition, or usability thereof or the use or uses to which the Premises or any part thereof may be put, except as expressly provided in Section 31.1. Landlord, in its capacity as landlord under this Lease, shall not be required to furnish any services or facilities or to make any repairs or alterations in or to the Premises or to provide any off-site improvements, such as utilities or paving, or other forms of access to the Premises, other than what may already exist on the Effective Date or may otherwise be expressly agreed to in writing by the Landlord, throughout the Term. Except as provided in Article 30 with respect to matter for which Landlord is responsible, Tenant hereby assumes the full and sole responsibility for the condition, construction, operation, repair, demolition, replacement, maintenance, and management of the Premises, including but not limited to the performance of all burdens running with the Land.

§ 8.2. Permitted Use. Tenant shall have the right to construct a 157 unit apartment complex and related improvements (collectively, and together with such other improvements to the Land made from time to time by Tenant under this Lease, the "Improvements") on the Premises and to use the Premises and the Improvements as an affordable housing project in accordance with Applicable Laws, the terms of this Lease and the CC&Rs for the duration of the Term. Landlord and Tenant acknowledge and agree that Tenant shall pay for all costs of constructing the Improvements.

At all times during the term of this Lease, (a) Tenant shall be deemed the sole owner of the Improvements and shall have the right to alter, add to, improve and modify the Improvements, (b) Tenant alone shall be entitled to all of the tax attributes of ownership including, without limitation, the right to claim depreciation or cost recovery deductions and the right to claim the low-income housing tax credit described in section 42 of the Internal Revenue Code of 1986, as amended, and (c) Tenant shall have the right to amortize capital costs to claim any other federal or state tax benefits attributable to the Improvements.

Regardless of the uses which would otherwise be allowed pursuant to the zoning classification or other ordinances which may be applicable to the Premises at any time during the Term, the use of the Premises shall be subject to the restrictions set forth in the Use Agreement (defined in Section 31.4 hereof).

The terms of this paragraph shall be referred to as the “Affordability Covenant.” Additionally, use of the Premises is hereby restricted to “Affordable Housing” (as hereinafter defined) and related uses and the Premises may not be used for any other purpose without the prior written consent of Landlord, which may be given or withheld at Landlord’s sole discretion. For the purposes of this Lease, “Affordable Housing” shall mean a minimum of sixty-two (62) residential units for households whose annual incomes at initial occupancy do not exceed sixty percent (60%) and up to ninety-four (94) residential units for households whose annual incomes at initial occupancy do not exceed one hundred twenty percent (120%) of the area median income, as determined by the United States Department of Housing and Urban Development and as may be amended from time to time.

City shall provide written notice of any alleged default under the Affordability Covenant to Tenant, each Investor Member and each Lienholder. If such breach remains uncured for a period of sixty (60) calendar days after notice thereof by City, then, unless Tenant, Investor Member or Lienholder has commenced a cure and is diligently pursuing the same, in which case the cure period shall be extended for as long as is reasonably necessary to effect a cure, City may resort to any court having jurisdiction of the subject matter for specific performance of this Affordability Covenant or for an injunction against any violation of this Lease. Notwithstanding anything to the contrary in this Lease, Landlord shall not be entitled to pursue a termination of the Lease as a remedy for any breach of the Affordability Covenant, and Landlord acknowledges and agrees that its sole remedy for a breach of the Affordability Covenant shall be to seek specific performance or an injunction against such violation. For the purpose of clarification, the restriction on Landlord’s remedies, hereunder do not apply to the Loans, as defined in those certain Loan Agreements between Landlord as “City” and Tenant as “Borrower”.

§ 8.3. Maintenance, Repairs. Subject to Section 14.1, Article 15, and except as provided in Article 30 with respect to matter for which Landlord is responsible, the Tenant will, at its sole cost and expense maintain the Premises and the Improvements in accordance with all applicable laws, including, applicable HUD housing quality standards, so that each is in a safe, decent and habitable condition, and make repairs, restorations, and replacements to the Improvements, including without limitation the landscaping; heating, ventilating, air conditioning, mechanical, electrical, elevator, underground utilities, and plumbing systems; structural roof, walls, and foundations; and the fixtures and appurtenances as and when needed to preserve them in good working order and condition. All such repairs, restorations, and replacements will be in consistent with sound ownership and management practices for owners of projects similar to the Project. Tenant shall further maintain and keep Tenant’s sidewalks, curbs, and landscaping in any adjacent public ROW in good condition, ordinary wear and tear excepted, in accordance with City of Chandler standards for similar improvements and this Lease, whichever is more stringent.

ARTICLE 9 — COMPLIANCE

§ 9.1. Tenant Obligations. Tenant shall assume and perform any and all obligations under any covenants, easements and agreements affecting the title to the Premises and shall diligently comply, at its own expense during the Term, with all present and future laws, acts, rules, requirements, orders, directions, ordinances, and/or regulations, ordinary or extraordinary, foreseen or unforeseen, (collectively "Applicable Laws"), concerning the Premises or any part thereof, or the use thereof, or the streets adjacent thereto, of any federal, state, municipal, or other public department, bureau, officer, or authority, or other body having similar functions, or of any liability, fire, or other insurance company having policies outstanding with respect to the Premises, whether or not such laws, acts, rules, requirements, orders, directions, ordinances and/or regulations require the making of structural alterations or the use or application of portions of the Premises for compliance therewith or interfere with the use and enjoyment of the Premises; provided, however, that Tenant may, in good faith, contest the validity of any such law, act, rule, requirement, order, direction, ordinance and/or regulation and, pending the determination of such contest, may postpone compliance therewith, except that Tenant shall not so postpone compliance therewith, as to subject Landlord to the risk of any fine or penalty or prosecution for a crime or if compliance with any such law, act, rule, requirement, order, direction, ordinance and/or regulation has been reasonably deemed by Landlord to be immediately necessary to protect public health or safety.

§ 9.2. Certificate of Occupancy. Tenant shall obtain any certificate of occupancy or similar certificate or permit with respect to the Premises and Improvements which may at any time be required by any governmental agency having jurisdiction thereof, including any required by the City of Chandler, Arizona (such certificate or permit being a "Certificate of Occupancy").

§ 9.3. Construction of Improvements; Management and Operation of Improvements. Tenant shall ensure that any Improvements are constructed in accordance with Applicable Laws and, following the issuance of a Certificate of Occupancy, shall ensure that the Premises are prudently managed and operated and kept in good repair, reasonable wear and tear excepted, as set forth in this Lease.

ARTICLE 10 — CONSTRUCTION AND OPERATION OF IMPROVEMENTS

§ 10.1. Project. Landlord and Tenant acknowledge that the initial Improvements to the Land are to be constructed as an affordable housing community consisting of 157 units and related improvements on the Land (the "Project"). Tenant will obtain any required approvals of the final plans and specifications for the Project by any and all federal, state, municipal and other governmental authorities, offices and departments having jurisdiction in the matter and shall, upon request from Landlord, provide conformed copies of executed approvals (if any) to Landlord. Tenant may make such alterations or modifications to the Premises and Improvements as are permitted by Applicable Laws and otherwise in compliance with the terms of this Lease.

§ 10.2. Landlord Cooperation. Landlord will cooperate with Tenant in obtaining any approvals required by this Lease for the Project and will grant easements necessary for the development of the Project to any utility company or other parties on terms that are reasonably acceptable to Landlord.

ARTICLE 11 — IMPAIRMENT OF LANDLORD'S TITLE

§ 11.1. No Liens. Subject to the right of contest and appeal provided in this Lease, Tenant shall not create, or suffer to be created or to remain, and shall discharge any mechanic's, laborer's, or materialman's lien which might be or become a lien, encumbrance, or charge upon the Premises or any part thereof or the income therefrom and Tenant will not suffer any other matter or thing arising out of Tenant's use and occupancy of the Premises whereby the Fee Estate or any part thereof might be materially impaired.

The provisions of this Article 11 are not intended to limit any rights Tenant may have under Article 4 of this Lease or to prohibit the encumbrance of the Fee Estate by the Use Agreement (defined in Section 31.4 hereof), which is expressly permitted.

§ 11.2. Discharge. If any mechanic's, laborer's, or materialman's lien shall at any time be filed against the Premises or any part thereof, Tenant, within thirty (30) days after notice of the filing thereof, shall cause such lien to be discharged of record or bonded over to the satisfaction of Landlord, by payment, deposit, bond, order of court of competent jurisdiction or otherwise (or shall commence and diligently pursue such actions as will achieve such result). Tenant shall notify Landlord in writing of its action to either satisfy or contest the lien and, if contested, of the matter's status on a monthly basis until concluded.

§ 11.3. No Implied Consent. Nothing contained in this Lease shall be deemed or construed in any way as constituting Landlord's express or implied authorization, consent or request to any contractor, subcontractor, laborer or materialman, architect, or consultant, for the construction or demolition of any improvement, the performance of any labor or services or the furnishing of any materials for any improvements, alterations to or repair of the Premises or any part thereof on behalf of Landlord.

§ 11.4. No Agency Intended. In connection herewith, the parties agree that Tenant is not the agent of Landlord for the construction, alteration or repair of any improvement which may be constructed upon the Premises, the same to be accomplished at the sole expense of Tenant.

ARTICLE 12 — INSPECTION

§ 12.1. Inspection and Entry. Landlord may enter upon the Premises, or any part thereof, for the purpose of ascertaining its condition or whether Tenant is observing and performing the obligations assumed by it under this Lease, all without hindrance or molestation from Tenant, provided that such entry does not interfere with Tenant's business operations or the operations of any assignee or subtenant and provided that Landlord shall give Tenant at least forty-eight (48) hours written notice prior to any inspection of any building interior.

This notice provision shall not be construed to prohibit or delay any entry by Landlord in an emergency or in its capacity as a municipality exercising its police power or in its criminal law enforcement capacity, nor to any entry authorized by any writ or warrant issued by any Court, nor to any entry authorized by any health or welfare statute, code, ordinance, rule or regulation.

ARTICLE 13 — INDEMNIFICATION

§ 13.1. Indemnification of Landlord.

A. Tenant shall indemnify and save Landlord and its elected and appointed officials, employees and agents (collectively, the "Indemnified Parties"), harmless from and against any and all liabilities, suits, obligations, fines, damages, penalties, claims, costs, charges and expenses, including property damage, personal injury and wrongful death and further including, without limitation, architects' and attorneys' fees and disbursements, which may be imposed upon or incurred by or asserted against any Indemnified Party by reason of any of the following occurring during the Term unless caused by the active negligence of the Indemnified Party(ies) or a failure to act by the Indemnified Party(ies) when a duty to act is present or Landlord is responsible for such matters as provided in Article 30:

A. construction of Improvements or any other work or thing done in, on or about the Premises or any part thereof by Tenant or its agents;

B. any use, nonuse, possession, occupation, alteration, repair, condition, operation, maintenance or management of the Premises and Improvements or any nuisance made or suffered thereon or any failure by Tenant to keep the Premises or any part thereof, in a safe condition;

C. any acts of the Tenant or any subtenant or any of its or their respective agents, contractors, servants, employees, licensees or invitees;

D. any fire, accident, injury (including death) or damage to any person or property occurring in, on or about the Premises, Improvements or any part thereof;

E. any failure on the part of Tenant to pay any amounts due hereunder or to perform or comply with any of the covenants, agreements, terms or conditions contained in this Lease on its part to be performed or complied with and the exercise by Landlord of any remedy provided in this Lease with respect thereto;

F. any lien or claim which may be alleged to have arisen against or on the Premises or Improvements or any part thereof or any of the assets of, or funds appropriated to, Landlord or any liability which may be asserted against Landlord with respect thereto to the extent arising, in each case, out of the acts of Tenant, its contractors, or agents;

G. any failure on the part of Tenant to keep, observe, comply with and perform any of the terms, covenants, agreements, provisions, conditions or limitations contained in the subleases or other contracts and agreements affecting the Premises or improvements or any part thereof, on Tenant's part to be kept, observed or performed;

H. any transaction relating to or arising out of the execution of this Lease or other contracts and agreements affecting the Premises or improvements, the Improvements or any part thereof or any activities performed by any party, person or entity which are required by the terms of this Lease or such other contracts and agreements;

I. any tax, including any tax attributable to the execution, delivery or recording of this Lease, with respect to events occurring during the Term.

The provisions hereof shall survive the expiration or earlier termination of this Lease.

B. Tenant will hold all goods, materials, furniture, fixtures, equipment, machinery and other property whatsoever on the Premises at the sole risk of Tenant and save the Landlord and the other Indemnified Parties harmless from any loss or damage thereto by any cause whatsoever other than the negligence or willful conduct of Landlord, or any Indemnified Party(ies) .

C. The obligations of Tenant under this section shall not in any way be affected by the absence in any case of covering insurance or by the failure or refusal of any insurance carrier to perform any obligation on its part to be performed under insurance policies affecting the Premises.

D. If any claim, action or proceeding is made or brought against Landlord or any other Indemnified Party(ies), by reason of any event to which reference is made in this section, then, upon demand by Landlord, Tenant, at its sole cost and expense, shall resist or defend such claim, action or proceeding in the name of Landlord and the Indemnified Party(ies), if necessary, by the attorneys for Tenant's insurance carrier (if such claim, action or proceeding is covered by insurance), otherwise by such attorneys selected by

Tenant as Landlord shall approve, which approval shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Landlord may engage its own attorneys to defend it, and the other Indemnified Party(ies) or to assist in its defense at Landlord's sole expense. If, in Landlord's reasonable discretion, Tenant fails to timely and diligently to undertake such defense, then Landlord may engage its own attorneys to defend it, and Tenant shall pay on demand the reasonable fees and disbursements of such attorneys.

ARTICLE 14 — DAMAGE OR DESTRUCTION

§ 14.1. Tenant Repair and Restoration. If, at any time during the Term, the Premises or any part thereof shall be damaged or destroyed by fire or other occurrence of any kind or nature, ordinary or extraordinary, foreseen or unforeseen, Tenant, at its sole cost and expense, but subject to the rights of any Lienholder, shall proceed with reasonable diligence to repair, alter, restore, replace, or rebuild the same (such work being "Restoration"), subject to delays beyond the control of Tenant (as applicable). Such Restoration, including temporary repairs for the protection of other property pending the completion of any thereof, are sometimes referred to in this Article as the "Work." Anything herein to the contrary notwithstanding, Tenant shall undertake temporary repairs and work necessary to protect the public and to protect the Premises from further damage. So long as either Restoration or Work is being diligently pursued by the Tenant, Landlord shall have no right to terminate this Lease, notwithstanding anything to the contrary herein. However, should Restoration after a casualty (a) be deemed infeasible by Tenant or (b) the proceeds of insurance available to Tenant are not sufficient to rebuild the Improvements, then Tenant shall have the option, exercisable by written notice to Landlord within one hundred eighty (180) days after the date of such casualty, to terminate this Lease upon which, Landlord shall have the option to require that either (1) in the case of either (a) or (b) above, demand that Tenant demolish the destroyed or damaged portion of the Improvements at Tenant's expense and return the Premises and remaining Improvements to Landlord in useable condition in accordance with the terms of this Lease or (2) demand that Tenant assign to Landlord, subject to the prior rights of any Lienholder(s), including, without limitation, the right of the first priority Lienholder to receive any insurance proceeds to which Tenant is entitled, its right to any insurance proceeds so that Landlord may demolish the destroyed or damaged portion of the Improvements for the payment of such costs (but only up to the reasonable amount of such costs). Landlord shall not be otherwise entitled to any insurance proceeds relating to the Improvements. The parties acknowledge and agree that the terms and conditions of the loan documents of the senior most Lienholder shall control as it pertains to use of insurance proceeds and unless the senior most Lienholder has been fully repaid its debt with the proceeds of insurance.

§ 14.2. Failure to Commence Repairs. If Tenant intends to restore the Improvements and if the Work shall not have been commenced within one (1) year after the date of the damage or destruction, or if such Work after commencement shall not proceed expeditiously or is not completed within twenty four (24) months after commencement of construction, Landlord may terminate this Lease pursuant to Article 18, but subject to all terms and conditions provided in this Lease requiring Lienholder consent to such termination, including, but not limited to, those in Section 17.7. Tenant may make a request in writing to the landlord for additional time to commence or complete the Work, with the Landlord's approval of the requested extension not to be unreasonably delayed, conditioned, or withheld.

§ 14.3. Cure by Lender. If, within forty five (45) days from receipt by Lienholders of Landlord's notice of any default of Tenant under Section 14.2, any Lienholder, either itself or through a receiver, begins a proceeding to take possession or control of the Premises and thereafter begins or continues the Work, and if, with respect to any default by Tenant under this Lease, the right of Landlord to terminate this Lease shall not have accrued, then the Depositary shall pay over to the Lienholder entitled to the same, as determined by Section 17.7.F of this Lease or pursuant to any separate agreement among Lienholders, or to the receiver, as the case may be, the proceeds of insurance pursuant to Section 14.2.

§ 14.4. Lease Obligations Continue. In no event shall Tenant be entitled to any abatement, allowance, reduction, or suspension of its obligations hereunder because part or all of the Premises shall be untenantable owing to the partial or total destruction thereof. No such damage or destruction shall affect in any way the obligation of Tenant to pay the Additional Payments and other charges herein reserved or required to be paid, nor release Tenant of or from obligations imposed upon Tenant hereunder.

ARTICLE 15 — CONDEMNATION

§ 15.1. Takings.

A. If all or any part of the Premises, the Improvements or any right appurtenant thereto is taken, or there is a change in grade of road or other property abutting the Premises or the Improvements that adversely affects the use of the Premises or the Improvements, by any condemning authority (a "Condemning Authority") (a) in the exercise of any right of eminent domain or condemnation by proceedings or otherwise, or (b) by agreement between Landlord, Tenant, all Lienholders, and/or the Condemning Authority (any such taking or other action, a "Taking"), Landlord, Tenant, and all Lienholders shall have the right to participate in any such Taking for the purpose of protecting their respective interests hereunder, including, without limitation, all negotiations regarding any Taking Award (defined below). If Landlord or Tenant becomes aware of any actual, contemplated or threatened Taking, it shall promptly notify the other party. Landlord shall not settle or compromise any Taking Award without the prior consent of Tenant and all Lienholders. Each party participating in the proceedings shall pay its own expenses. The "Taking Date" shall be the date on which the earlier of the following occurs with respect to any Taking: (I) final entry into possession by the Condemning Authority; (ii) entry of a final order of a court of competent jurisdiction awarding possession to the Condemning Authority; or (iii) delivery of an instrument of conveyance to the Condemning Authority.

B. If there is a Taking of all or substantially all of the Premises or the Improvements other than as provided in with respect to temporary Takings below, this Lease shall terminate and expire on the Taking Date. Such termination shall be without prejudice to the rights of either Landlord or Tenant to recover just and adequate compensation from the Condemnation Authority on account of such Taking. For the purpose of this Lease, "substantially all of the Premises or the Improvements" shall be deemed to have been taken if, in Tenant's reasonable determination made with the prior written approval of Lienholders, that any and all remaining portions of the Premises or the Improvements not taken are insufficient for the economic and feasible use and operation of the Project by Tenant, including, without limitation, because (a) the cost of restoration of portions not taken materially exceeds the Tenant Taking Award; (b) access to, parking facilities benefiting, or any material service(s) necessary or appropriate for economic operation of the Project have been materially impaired; or (c) the Project cannot reasonably be operated substantially as it was operated before the Taking within twelve (12) months after the Taking Date. Notwithstanding any other provision hereof, the termination of the Lease under this Section 15.1 shall in all events be subject to the prior written consent of all Lienholders.

C. If this Lease terminates as a result of such a Taking, any award(s) paid or payable (whether or not in a separate award) to either party or any Lienholders because of or as compensation for any Taking, including (a) any award made for the Premises, any Improvements and any other real property and improvements that are the subject of the Taking, (b) the full amount paid or payable by the Condemnation Authority for the estate that is the subject of the Taking, as determined in the Condemnation Proceedings, (c) any interest on such award, and (d) any other sums payable on account of such Taking (collectively, the "Taking Award"), shall be allocated as follows:

a. To Tenant, subject to the rights of all Lienholders (if any), that portion of the Taking Award equal to the Market Value of the Leasehold Estate at the date of the Taking;

b. then, to Landlord, that portion of the Taking Award equal to the Market Value of the Fee Estate at the date of the Taking, if any; and

c. then, after deduction of the foregoing amounts, to Tenant, subject to the rights of Lienholders (if any), the balance of the Taking Award, if any.

D. As used in this Lease, "Tenant Taking Award" means the portion of the total Taking Award allocated to Tenant pursuant to this Section 15.1. Any Tenant Taking Award shall be paid to and held by Depositary for Disbursement as provided in this Lease. As used in this Lease, "Market Value" of the Fee Estate or the Leasehold Estate means, as of any date of determination, the present fair market value of such estate or interest (including the fair market value of the rights of the holder of such estate in and to the Improvements or any other improvements, and, in the case of the value of the Leasehold Estate, including the fair market value with respect to the Improvements and the value of the Leasehold Estate as part of the Market Value of the Leasehold Estate) as of such date, considered: (I) as if no casualty or Taking had occurred, (ii) without adjusting for any expectation of any casualty or Taking, (iii) as if all or such portion of the Leasehold Estate had not been terminated, (iv) taking into account the benefits and burdens of this Lease, the remaining Term, all Encumbrances and all other matters affecting such estate or interest and its valuation, and (v) discounting to present value all the obligations and benefits associated with such estate or interest. The Market Value shall be determined as if the Term were to continue until the end of the scheduled Term. Market Value shall be determined independently of, and without regard to any valuation established in connection with, a casualty or Taking. Any such notice shall not be effective without the consent of Tenant and Lienholders. Subject to the consent of all Lienholders, in the event Landlord and Tenant are unable to reach agreement on the allocation of the Taking Award pursuant to this Section 15, after first taking into consideration any prior allocation of a Taking Award, Landlord and Tenant shall request that the Condemning Authority, if not prohibited by law, make separate Taking Awards to Landlord and Tenant in accordance with the allocation provided for in this Section 15. In addition to the factors specified above in this Section 15, such allocation shall take into account any existing appraisals used to determine or to contest the amount of the Taking Award and any other available relevant information and analysis. This Section 15 shall be construed as superseding any applicable laws now in force or hereafter enacted concerning Takings to the extent permitted thereby.

E. If any Taking shall be of less than substantially all of the Premises or Improvements other than on a temporary basis, this Lease shall terminate with respect to the portion or portions of the Premises or Improvements so taken and remain in full force and effect with respect to the portion or portions of the Premises or Improvements remaining after such Taking, except that Tenant shall, promptly after the Taking Date and at its expense, commence and diligently complete (subject to the availability of the Tenant Taking Award) Restoration using commercially reasonable efforts in order to either restore any Improvements altered or damaged by such partial Taking to a complete architectural unit, or demolish any such damaged or altered Improvements. Subject to satisfaction of any applicable disbursement conditions required by a Lienholder, or the rights of a Lienholder to apply the Tenant Taking Award to the obligations owed to such Lienholder. Tenant shall be entitled to so much of the Tenant Taking Award as may be necessary to reimburse Tenant for the cost of such Restoration and the Tenant Taking Award shall be deposited, held and disbursed periodically to Tenant, subject to the rights of Lienholders, as provided in the case of insurance proceeds. Any Tenant Taking Award remaining after Tenant's completion of Restoration shall be paid to Tenant, subject to the rights of Lienholders (if any).

§ 15.2. **Relocation Benefits**. Tenant is not waiving any of its rights to any federal, state or local relocation benefits or assistance provided in connection with any condemnation or prospective condemnation action.

§ 15.3. **Temporary Taking**. If there is a Taking of all or a part of the Premises or Improvements for a temporary period, this Lease shall continue in full force and effect without change as between Landlord and Tenant and Tenant, subject to the rights of Lienholders, shall be entitled to the entire Taking Award made for such use.

§ 15.4. **Taking of Certain Landlord Interests**. In the event of the Taking of an easement or any other taking which shall be of an interest or estate in the Land less than a fee simple (other than a Taking for temporary use mentioned in Section 15.3), as a result of which the Premises shall be insufficient for the use and operation thereof by Tenant for the purposes contemplated by this Lease, as reasonably determined by Tenant and Landlord with the prior written consent of each Lienholder, this Lease shall terminate and expire with the same force and effect as in the case of a Taking pursuant to Section 15.1 hereof. Otherwise, such Taking shall be deemed insufficient to terminate this Lease, and the division of the award shall be governed by Sections Section 15.1.C and Section 15.1.E hereof. For purposes of this Section, any change of grade of a roadway on which the Premises relies, to the extent that such change impairs Tenant's use of the Premises and requires Tenant to make changes to the Premises to restore such use, shall be deemed a partial Taking subject to Section 15.1.E, and any recovery as a result of the same shall be paid to Tenant to the extent provided in Section 15.1.E for restoration costs. Any Tenant Taking Award remaining after Tenant's completion of the Restoration shall be paid to Tenant, subject to the rights of the Lienholder(s) (if any).

ARTICLE 16 — INTENTIONALLY OMITTED

ARTICLE 17 — ASSIGNMENT, SUBLETTING, MORTGAGE

§ 17.1. **Transfers by Tenant**. Tenant may effect a transfer, conveyance, assignment, sublease or other pledge, encumbrance or disposal of all or a portion of its interest in this Lease with the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed (a "Transfer"), and provided that no Transfer shall be binding upon Landlord unless such assignee or purchaser shall deliver to the Landlord a recordable instrument which contains a covenant of assumption by said assignee or purchaser to such effect. Upon recordation of the assumption instrument, the prior Tenant shall be released from liabilities and obligations under this Lease accruing thereafter, and the assignee shall be and become and remain liable for the payment of all rents and other sums payable hereunder and for the due performance of all the covenants, agreements, terms and provisions hereof on Tenant's part to be performed throughout the remainder of the Term. The provisions hereof shall be operative for and apply to each subsequent assignment. Notwithstanding the foregoing, the following shall not be deemed "Transfers" under this Lease, and shall be permitted without Landlord approval: (i) any

Transfer to an affiliate of Tenant; (ii) any Transfer to a Lienholder as security for financing; (iii) any Transfer to a Lienholder in foreclosure or by an assignment in lieu of foreclosure, and thereafter, any Transfer by the initial transferee in foreclosure or by assignment in lieu of foreclosure; (iv) any transfers or assignments of membership interests in Tenant; (v) any transfers pursuant to a purchase option or right of first refusal contemplated in the Tenant's operating agreement, and (vi) subleases of residential units at the Project.

§ 17.2. Intentionally Deleted.

§ 17.3. Obligations of Assignee. If this Lease is assigned in whole or in part, whether or not in violation of the provisions hereof, Landlord may and hereby is empowered to collect all amounts due hereunder from the assignee. In such event, Landlord may apply the net amount received by it to Additional Payments, and no such collection shall be deemed a waiver of the covenant herein against assignment, or an acceptance of the assignee or subtenant as a Tenant under this Lease, or a release of Tenant from the further performance of the covenants herein contained on the part of Tenant.

§ 17.4. Rights of Lenders. Landlord is aware that Tenant will obtain financing or refinancing for acquisition, development and/or construction of the Project and/or the Improvements to be constructed on the Premises, in whole or in part, from time to time, by one or more persons and that Tenant may obtain financing or refinancing for the Improvements from time to time, by one or more persons (individually any persons providing financing to Tenant is referred to as a "Lender", and collectively the "Lenders"), which financing will be secured by the Tenant's rights and interests in this Lease. Tenant's encumbrance of its leasehold interest shall not result in an encumbrance to Landlord's fee estate in the Premises. . If Landlord provides any notices to Tenant (other than periodic billing notices) or if there is an Event of Default under this Lease, Landlord shall provide such notice or notice of such Event of Default, at the same time notice is provided to Tenant, to all Lenders who are parties to a Recognition Agreement (defined in Section 17.7.G.) or who are designated by Tenant in a written notice to Landlord as being entitled to be deemed a Lender hereunder. Lenders will have the rights to cure Tenant defaults provided for in this Lease as set forth in in a Recognition Agreement by Landlord, Lender, and Borrower.

§ 17.5. Landlord's Lien Waiver. , Landlord agrees to execute a form of landlord's lien waiver with respect to Tenant's financing of any property located on the Premises, subject to Landlord's review and approval of any such landlord's lien waiver form confirming the same.

§ 17.6. Fee Financing. During the Term, Landlord shall not mortgage or otherwise encumber its fee simple interest in the Premises (the "Fee Estate"). Furthermore, Landlord shall not convey the Fee Estate to any other party without the prior written notice to the Tenant and Lenders. Notwithstanding anything to the contrary in this Lease, so long as the Lease is in effect, it is expressly understood and agreed that Tenant, Investor

Members and the Lienholders are intended third party beneficiaries of this Section 17.6 of this Lease and are entitled to enforce the same against Landlord by any means available at law or in equity subject to the limitation on remedies set forth in Section 19.2 of this Lease. As a condition to the performance of Tenant's obligations under this Lease, Landlord shall cause any existing mortgage or other encumbrance on the Fee Estate which is not listed on Exhibit C attached hereto to be subordinated to the Leasehold Estate in writing on terms satisfactory to Tenant, Investor Members and any Lienholder(s). Tenant agrees that the encumbrances of the Fee Estate listed on Exhibit C are permitted as of the Effective Date. Nothing in this Section 17.6 is intended to prohibit the encumbrance of the Fee Estate by the Use Agreement (defined in Section 31.4 hereof), which is expressly permitted.

§ 17.7. Encumbrance of Lease by Tenant. Landlord further acknowledges that the Lenders may require Tenant to execute and deliver various documents that will need to be recorded against Tenant's Leasehold Estate including, without limitation, land use restriction agreements, mortgages and deeds of trust (the "Encumbrances"), but in no event shall such Encumbrances encumber Landlord's Fee Estate, other than the encumbrance of the Fee Estate by the Use Agreement (defined in Section 31.4 hereof), which is expressly permitted. Tenant may encumber its Leasehold Interest created by this Lease only with the prior consent of Landlord, which shall not be unreasonably withheld, conditioned or delayed, and provided that any such Encumbrance shall not attach to or affect the Landlord's Fee Estate. In every case in which Tenant places a mortgage or deed of trust upon its Leasehold Estate, Tenant shall provide Landlord with copies of the recorded mortgage or deed of trust and the names and addresses of the mortgagees or beneficiaries thereof (any Lender identified in such a mortgage or deed of trust being a "Lienholder").

A. **Lienholder Protections**. Notwithstanding anything in this Lease to the contrary, during the term of the Lease or of any mortgage or deed of trust granted by Tenant to a Lienholder in accordance with this Section 17.7, the following provisions shall prevail:

1. Notwithstanding anything to the contrary in this Lease, Tenant and Landlord shall not modify, amend, cancel, or terminate this Lease, for any reason other than an uncured breach by Tenant for which notice and an opportunity to cure has been provided in accordance with the terms of the Lease;

2. Landlord shall not accept a voluntary surrender of this Lease by Tenant (including, without limitation, a termination under Section 365(h)(A)(i) of Chapter 11 of the U.S. Bankruptcy Code), without the prior written consent of each Lienholder, unless the Tenant's Leasehold Interest has been assigned or assumed by a Lienholder pursuant to a New Lease (defined herein) as a result of such surrender;

3. Notwithstanding anything in this Lease to the contrary, in the event of a partial condemnation or casualty, Tenant shall be permitted to rebuild if the first priority Lienholder consents to the distribution of any insurance proceeds or condemnation award for such purpose. This Lease may not be terminated in the event of a partial

condemnation or casualty, provided Tenant elects to rebuild. If Tenant or any Lienholder declines to rebuild, Tenant will demolish the destroyed or damaged portions of the Improvements at its expense and return the Premises to Landlord in useable condition in accordance with the terms of this Lease, and Landlord may terminate this Lease upon written notice given to Tenant and Lienholders as required by this Lease, but subject to the requirement that it obtain all required consents from Lienholders and Investor Members. Any condemnation award to which Tenant is entitled under this Lease and all insurance proceeds to which Tenant is entitled under this Lease, shall be paid to the first priority Lienholder and disbursed only in accordance with such Lienholder's applicable loan documents; and

4. So long as any Lienholder's mortgage or deed of trust is outstanding, unless such Lienholder shall otherwise expressly consent in writing, the Fee Estate and Leasehold Estate shall not merge but shall remain separate and distinct, notwithstanding the acquisition of said Fee Estate and Leasehold Estate by any single owner.

B. **Lender's Liability**. No Lender or Lienholder shall be or become liable to Landlord as an assignee of this Lease or otherwise unless it expressly assumes by written instrument executed by Landlord and Lienholder such liability; provided, however, that an assumption upon a foreclosure or other appropriate proceedings in the nature thereof or as the result of any other action or remedy provided for by such leasehold mortgage or other instrument or from a conveyance from Tenant pursuant to which the purchaser at foreclosure or grantee shall acquire the rights and interest of Tenant under the terms of this Lease. Additionally, should Lender or Lienholder move to appoint a receiver and such receiver is appointed, the Lender or Lienholder shall become liable to Landlord for all requirements under the Lease notwithstanding the absence of a written instrument assuming same and executed by the Landlord or Lienholder.

C. **Notice of Default to Lienholders**. If an Event of Default has occurred under this Lease and has not been cured as provided in this Lease, Landlord agrees to give written notice of such default to each Lienholder under any such mortgage or deed of trust, whose name and address shall be furnished to Landlord by Tenant in accordance with Section 17.7. Landlord acknowledges that each Lender listed on Schedule 17.7.C (if any) is a Lienholder entitled to notices relating to Events of Default under this Lease. Landlord shall not terminate this Lease, re-enter the Premises, or exercise any other remedy available at law which would affect Tenant's rights under this Lease if any Lienholder has cured said default within the following time periods: (i) for monetary defaults, within the time allowed Tenant for same hereunder or within sixty (60) days after receipt of said notice of default by said Lienholder, whichever is greater, and (ii) for non-monetary defaults, within the time allowed Tenant for same hereunder or within sixty (60) days after receipt of said notice of default by said Lienholder, whichever is greater, provided, however, that, if a Lienholder has commenced the cure of such default but has determined that it will not be able to complete such cure within such sixty (60) day period, Lienholder shall notify Landlord in writing of the need for additional time together with a proposed additional time period within which to complete the cure, with such additional time period to be approved by Landlord, with such approval to not be unreasonably delayed, conditioned, or withheld (the "Lienholder's Cure Period"). Thereafter, the Lienholder will diligently and continuously pursue the cure. The Lienholder will notify Landlord when the cure has been completed, and Landlord will approve the completed cure, with such approval to not be unreasonably delayed, conditioned, or withheld. Landlord acknowledges that each Lienholder is relying on the Tenant's Leasehold Estate as collateral and Landlord agrees to give any Lienholder the opportunity to cure such default and realize on its interest in such collateral before any termination of this Lease or exercise of any other remedies due to a default by Tenant. In furtherance of the foregoing, Landlord agrees that it will not terminate this Lease, exercise any remedies or cause or accept a surrender of the Tenant's Leasehold Estate under this Lease due to the occurrence of a Tenant default so long as a Lienholder commences the foreclosure of its leasehold mortgage, deed of trust or other Encumbrance during the ninety (90) day period after the expiration of the Lienholder's Cure Period (for purposes of such requirement the filing of a complaint to judicially foreclose or the publishing of the first required notice for foreclosure by advertisement, shall be deemed commenced) and completes such foreclosure with reasonable diligence (the time for completion by Lienholder being continued so long as Lienholder is enjoined or stayed by law or court order or otherwise delayed by an unavoidable delay and thereafter so long as Lienholder proceeds to completion with reasonable diligence), provided that Lienholder pays, upon Landlord's written demand, all delinquent Rent and other sums then due and owing under this Lease, and continues to pay all Rent and other sums due and owing and performs all other obligations of Tenant which can reasonably be performed without possession of the Premises and Improvements or appointment of a receiver and are not personal to Tenant arising through the date of foreclosure. Such foreclosure proceedings may be commenced by Lienholder without the consent of Landlord. Furthermore, Lienholder shall have the right to assign or transfer the leasehold interest to a purchaser at or subsequent to a foreclosure sale with any assignment or transfer being subject to the terms and conditions of this Lease. Notwithstanding anything to the contrary contained herein, in no event shall any Lienholder have an obligation to cure any Event of Default that is incapable of being cured by the Lienholder.

D. **New Lease**. In the event Tenant fails to cure any such default and Landlord proposes to declare the Term ended by reason of such default, Landlord, simultaneously with the sending of the notice of termination, shall send to each Lienholder an offer to enter into a new lease with said Lienholders (the "New Lease") on the same terms and conditions as this Lease (including all obligations relating to the use of the Premises in accordance with CC&Rs and the other provisions of this Lease), except that the "Tenant" under such New Lease shall be the first priority Lienholder (as determined pursuant to Section 17.7 F below) or its designee, the commencement date shall be the first day of the first calendar month following the date said Lienholder mails the New Lease to Landlord, and the termination date shall be the termination date of this Lease and the Premises shall include all Improvements notwithstanding any transfer of title to Landlord. The offer may be accepted by mailing within ninety (90) days of the sending of said offer two (2) duly executed originals of each New Lease to Landlord together with the payment of or evidence of the payment of all sums due and unpaid under this Lease as of the date of the notice referred to in this Section 19 up to the commencement date of said New Lease. Upon receipt of said New Lease and said payment or evidence of said payment, Landlord shall immediately execute both originals of said New Lease and return one (1) fully executed copy thereof to the tenant under the New Lease. Upon the commencement date of said New Lease, this Lease shall terminate and be of no further force and effect. If the first priority Lienholder or its designee does not return the New Lease to Landlord within ninety (90) days of the sending by Landlord, Landlord may proceed with terminating this Lease by sending a final notice of termination to Tenant and any Lienholders of record. The terms of this provision shall survive any termination of the Lease and the Lienholders shall be third party beneficiaries hereof.

E. **Attornment**. Landlord further agrees that, should a Lienholder or its designee acquire Tenant's interest in the Leasehold Estate through a foreclosure of such mortgage or deed of trust or any transfer in lieu thereof, said Lienholder or its designee shall have the right to attorn to Landlord, provided said Lienholder or its designee cures all defaults of Tenant under this Lease existing at the time of such attornment, which are within the power of said Lienholder or its designee to cure, and Landlord will accept such attornment, and said Lienholder or its designee and Landlord shall have the same rights and obligations toward one another which they would have had had this Lease been entered into with Landlord, as Landlord, and said Lienholder or its designee, as Tenant. Notwithstanding the foregoing, no Lienholder shall be responsible for any indemnification obligations arising from acts or omissions of Tenant prior to the time such Lienholder succeeded to possession and control of the Premises. If a Lienholder, or its affiliate, becomes the holder of the Tenant's Leasehold Estate and succeeds to the Tenant's interest in this Lease via foreclosure or a deed in lieu of foreclosure, it may subsequently assign such holder's interest in this Lease to any unaffiliated entity without Landlord's consent, but subsequent transfers of Tenant's Leasehold Estate shall require Landlord's consent as set forth in this Lease.

F. **Priority of Lienholders**. If more than one (1) Lienholder desires to exercise any rights or remedies afforded to Lienholders under this Lease, then the party against whom such right or remedy is to be exercised shall be required to recognize either: (i) only the Lienholder that desires to exercise such right or remedy and whose Encumbrance is most senior (as against other Encumbrances); or (ii) such other Lienholder as all Lienholders have designated in writing to exercise such right or remedy. Priority of Encumbrances shall be conclusively evidenced by (in order of precedence of application): (a) written agreement (or joint written instructions) by all Lienholders; or in the absence of such a written agreement or instructions (b) a report or certificate of a title insurance company licensed to do business in the State in which case the first recorded Encumbrance shall be deemed as most senior for purposes of this paragraph. Neither Tenant nor Landlord shall be obligated to determine the relative priorities of any Lienholder other than by obtaining the title report or certificate described in the preceding sentence. For any right or remedy under an Encumbrance that by its nature or under this Lease can be exercised by only one Lienholder (such as the right to a New Lease), pending the determination of priority, any time period that applies to a Lienholder's exercise of such right or remedy shall be tolled, but not more than ninety (90) days.

G. **Lienholder Protection Documents**. On the request of any Lienholder, Landlord agrees to promptly execute and deliver to Tenant and such Lienholder, an amendment to this Lease or any New Lease or Lienholder 's customary form of consent, estoppel and non-disturbance and attornment agreement or similar document (a "Recognition Agreement"), provided that no such amendment or Recognition Agreement shall modify the Rent or the Term or otherwise materially and adversely affect Landlord's rights, increase Landlord's obligations, or materially decrease Tenant's obligations under this Lease. Notwithstanding the foregoing, to the extent any action requested herein requires the consent of HUD prior to Landlord action, Lienholder shall, at Tenant's expense, work with Landlord and Tenant to secure the required HUD approval.

§ 17.8. Estoppel Certificate to Lienholders or Investor Members. At any time within ten (10) business days after written notice of request by Lienholder, or any Investor Member to Landlord, Landlord shall execute, acknowledge and deliver to Lienholder or Investor Members, as applicable a certificate that shall: (i) confirm that Landlord consents to the mortgage loan; (ii) identify the terms of this Lease; (iii) identify all documents evidencing this Lease; (iv) certify that there have been no unapproved changes in the Lease; (v) confirm that this Lease is in full force and effect; (vi) confirm that there are no known defaults, and no defaults pending under the terms of this Lease (and no conditions existing which but for the passage of time or the giving of notice would result in a default under this Lease); (vii) confirm the date through which rent has been paid; and (viii) contain such other provisions as may be reasonably necessary to satisfy any requirement that is not already contained in this Lease.

ARTICLE 18 — DEFAULT BY TENANT

§ 18.1. Events of Default. The happening of any one of the following events (herein called an "Event of Default") shall be considered a material breach and default by Tenant under this Lease:

A. ***Monetary Default***. If default shall be made in the due and punctual payment of Base Rent or any Additional Payments and such default continues for thirty (30) days after written notice thereof to Tenant; or

B. ***Non-Monetary Default***. If default shall be made by Tenant in the performance of or compliance with any of the covenants, agreements, terms, limitations, or conditions hereof other than those referred to in the foregoing subsection (A), and such default shall continue for a period of thirty (30) days after written notice thereof from Landlord to Tenant (provided, that if Tenant proceeds with due diligence during such thirty (30) day period to substantially cure such default and is unable by reason of the nature of the work involved, to cure the same within the required thirty (30) days, Tenant's time to do so shall be extended by the time reasonably necessary to cure the same as reasonably determined by Landlord); or

C. ***Bankruptcy, Voluntary***. If Tenant shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent, or shall take the benefit of any relevant legislation that may be in force for bankrupt or insolvent debtors or shall file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state, or other statute, law or regulation, or if Tenant shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Tenant or of all or any substantial part of its properties, or shall make any general assignment for the benefit of creditors; or

D. ***Bankruptcy, Involuntary***. If a petition shall be filed against Tenant seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal, state, or other statute, law or regulation, and shall remain undismissed or unstayed for ninety (90) days, of if any trustee, receiver or liquidator of Tenant, or of all or substantial part of its properties, shall be appointed without the consent or acquiescence of Tenant and such appointment shall remain unvacated and unstayed for ninety (90) days.

E. ***Sale or Transfer.*** The Tenant makes any Transfer in violation of this Lease; or

F. ***Failure to Perform.*** The Tenant fails to perform any of its material obligations set forth in the CC&Rs and such failure extends beyond all applicable notice and cure periods (including those provided in the CC&Rs and this Lease).

§ 18.2. Standstill. Subject to the terms in this Lease, , during the fifteen (15) year tax credit compliance period for the Project (as defined in Section 42 of the Internal Revenue Code of 1986, as amended), , Landlord, shall have no right to terminate this Lease.

§ 18.3. Tenant Liability. Expiration or termination of this Lease shall relieve Tenant of its liabilities or obligations under this Lease from and after the date of expiration or termination with the exception of those liabilities which by the express terms of this Lease survive any such expiration or termination.

§ 18.4. Intentionally Omitted.

§ 18.5. No Implied Waiver. Any failure by Landlord to insist upon the strict performance of any covenant, agreement, term or condition hereof or to exercise any right or remedy consequent upon a breach hereof, and no acceptance of any payments from Tenant during the continuance of any such breach, shall constitute a waiver of any such breach or of such covenant, agreement, term or condition. No covenant, agreement, term or condition hereof to be performed or complied with by Landlord or Tenant, and no breach thereof, shall be waived, altered or modified, except by a written instrument executed by the party to be charged therewith. No waiver of any breach shall affect or alter this Lease, but each and every covenant, agreement, term, limitation and condition hereof shall continue in full force and effect with respect to any other then existing or subsequent breach hereof.

§ 18.6. Remedies Cumulative. In the event of any breach by Tenant of any of the covenants, agreements, terms or conditions hereof, Landlord, in addition to any and all other rights, shall be entitled to enjoin such breach and shall have the right to invoke any right and remedy allowed at law or in equity or by statute or otherwise for such breach. In the event of Tenant's failure to pay Base Rent or Additional Payments on the date when due, Tenant shall pay Landlord interest on any such overdue payments and associated late charges at the rate of two percent (2%) per month, but in no event an amount greater than permitted by law, but this shall in no way limit any claim for damages for Landlord for any breach or default by Tenant.

§ 18.7. Late Charge. In the event that any payment required to be made by Tenant to Landlord under the terms of this Lease is not received within ten (10) days after written notice of delinquency, a late charge shall become immediately due and payable as an Additional Payment in an amount equal to two and one-half percent (2.5%) of the late payment.

§ 18.8. Specific Performance. If a default is not commenced to be cured within thirty (30) calendar days after service of the notice of default and is not cured promptly in a continuous and diligent manner within a reasonable period of time after commencement, Landlord may, at its option, thereafter (but not before) commence an action for specific performance of the terms of this Lease pertaining to such default.

§ 18.9. Investor Member & Lienholder Protections. Notwithstanding any provision herein, Investor Member and any Lienholder (together, the "Curing Parties" and individually a "Curing Party") shall have the right to cure any Event of Default (including non-monetary defaults that are capable of being cured), and Landlord shall accept any cure made by any such Curing Party as though the same had been done or performed by Tenant (i.e. all monetary defaults can be cured by the payment of money to the Landlord). In no event, however, shall the Curing Parties have any obligation to perform any obligations of Tenant or to cure any default under this Lease. Subject to the Affordability Covenant remedies, Landlord agrees that it will take no action under this Lease, at law or in equity, by reason of an Event of Default without first giving written notice to each of the Curing

Parties, and then only if Tenant or the Curing Parties fail to cure such Event of Default within, at minimum, sixty (60) days after receiving written notice**,** not to exceed one hundred twenty (120) days. In no events shall the cure period provided to the Curing Parties be shorter than the cure period provided to Tenant hereunder. The provisions of this Section 18.9 are in addition to and not in limitation of any provisions in any Recognition Agreement.

ARTICLE 19 — DEFAULT BY LANDLORD

§ 19.1. Limitations of Landlord's Liability. The term "Landlord," as used herein, so far as Landlord's covenants and agreements hereunder are concerned, shall be limited to mean and include only the owner or owners of the fee title to the Premises or those having the right of immediate possession in a pending condemnation action at the time in question.

§ 19.2. Tenant Remedies for Landlord Breach. In the event of any breach by Landlord of any of the covenants, agreements, terms, or conditions hereof, Tenant may seek any right or remedy allowed at law or in equity or by statute or otherwise (except as provided herein) for such breach, including, but not limited to seeking specific performance or an injunction, all of which shall be construed and held to be cumulative and non-exclusive; provided, however, Tenant shall not seek, and hereby waives any right to, any indirect or consequential damages from Landlord, including, but not limited to, loss of profits, loss of sub-rents, loss of any other revenue, loss of business opportunity, loss of good will, loss due to business interference, or punitive damages. Tenant further agrees that its recourse for any damages shall be limited to collection from the Premises and not from any other assets of Landlord. The foregoing shall not be deemed to limit Tenant's right to recover damages for the loss of any tax credits, including without limitation low-income housing tax credits under Section 42 of the Internal Revenue Code of 1986, as amended.

ARTICLE 20 — UNENFORCEABLE TERMS

§ 20.1. Severability. Landlord and Tenant each believe that the execution, delivery and performance of this Lease are in compliance with all Applicable Laws. However, in the unlikely event that any provision of this Agreement is declared void or unenforceable (or is construed as requiring the Landlord to do any act in violation of any applicable law, including any constitutional provision, law, regulation, County or City Code or Charter, as applicable), such provision shall be deemed severed from this Lease and this Lease shall otherwise remain in full force and effect; provided that this Lease shall retroactively be deemed reformed to the extent reasonably possible in such a manner so that the reformed agreement (and any related agreements effective as of the same date) provide essentially the same rights and benefits (economic and otherwise) to the parties as if such severance and reformation were not required. Unless prohibited by Applicable Laws, the parties further shall perform all acts and execute, acknowledge and/or deliver all amendments, instruments and consents necessary to accomplish and to give effect to the purposes of this Lease, as reformed.

ARTICLE 21 — NOTICES

§ 21.1. Notices. Any notice, request, demand, statement, or consent herein required or permitted to be given by either party to the other hereunder, except as pursuant to Article 12, shall be in writing signed by or on behalf of the party giving the notice and addressed to the other parties to the at the address as set forth below:

Tenant:

Villas on McQueen, LLC
c/o Gorman & Company, LLC
Attn: President
200 N. Main St.
Oregon, Wisconsin, 53575

With required copies to:

Harvey Law PLLC
Attn: Travys Harvey, Esq.
7702 E. Doubletree Ranch Road, Suite 300
Scottsdale, Arizona 85258

Reinhart Boerner Van Deuren s.c.
1000 North Water Street, Suite 1700
Milwaukee, Wisconsin 53202
Attn: Stephen Elliott, Esq.

RBC Community Investments, LLC
600 Superior Avenue
Suite 2300
Cleveland, Ohio 44114
Attention: President and General Counsel

With a copy to:

Nixon Peabody LLP
Exchange Place
53 State Street
Boston, Massachusetts 02109
Attention: Roger W. Holmes

VOM Investor, LLC
191 W. Nationwide Suite 600

Columbus, OH 43215
Attn: assetmanagement@stonehengecapital.com

With a copy to:

Buchalter, a Professional Corporation
1000 Wilshire Blvd., Suite 1500
Los Angeles, CA 90017
Attn: Michael A. Williamson, Esq.
Email: mwilliamson@buchalter.com

Each Lienholder identified on Schedule 17.7.C and any Lienholder which is party to a Recognition Agreement from time to time.

Arizona Industrial Development Authority
1802 West Jackson Street #66
Phoenix, Arizona 85007
Attention: Executive Director
Email: admin@arizonaida.com

With a copy to:

Kutak Rock LLP
8601 North Scottsdale Road
Suite 300
Scottsdale, Arizona 85253
Attention: Kelly A. McGuire, Esq.
Telephone: (480) 429-5000
Email:kelly.mcguire@kutakrock.com

Landlord:

City of Chandler
Attn: Housing and Redevelopment Division
Mail Stop 101
P.O. Box 4008
Chandler, Arizona 85244-4008

With a required copy to:

City of Chandler

Attn: City Attorney
Mail Stop 602
P.O. Box 4008
Chandler, Arizona 85244-4008

Each party may by notice in writing change its address for the purpose of this Lease, which address shall thereafter be used in place of the former address. Each notice, demand, request, or communication which shall be mailed to any of the aforesaid shall be deemed sufficiently given, served, or sent for all purposes hereunder two (2) business days after it shall be mailed by United States registered or certified mail, postage prepaid, in any post office or branch post office regularly maintained by the United States Government, upon personal delivery, or one business day after deposit with any commercial air courier or express service.

§ 21.2. Notice to Curing Parties. When, under the terms of this Lease, any Notice is required or permitted to be given to a Curing Party, it is the intention of the parties that such notice shall be required to be given to all Curing Parties.

ARTICLE 22 — CONDITION

§ 22.1. Condition of Premises. Tenant represents that the Premises, any sidewalks, the title to the Premises, parking areas adjoining the same, any subsurface conditions thereof, and the present uses thereof, have been examined by Tenant and that Tenant accepts the same in the condition or state in which they or any of them may be on the date of the execution of this Lease, and except as set forth in in Article 30, without representation or warranty, express or implied in fact or by law, by Landlord and without recourse to Landlord, as to the nature, condition, or usability thereof or the use or uses to which the Premises or any part thereof may be put.

§ 22.2. Quiet Enjoyment. Subject to all of the conditions, terms, and provisions contained in this Lease, Landlord covenants that Tenant, upon paying the Base Rent and Additional Payments and observing and keeping all terms, covenants, agreements, limitations, and conditions hereof on its part to be kept, shall quietly have and enjoy the Premises during the Term, without hindrance or molestation by Landlord.

ARTICLE 23 — ESTOPPEL

§ 23.1. Estoppel Certificates. Landlord or Tenant may request, at any time, from one another a certificate evidencing whether or not:

A. The Lease is in full force and effect along with the amount and current status of the Additional Payments due hereunder;

B. The Lease has been modified or amended in any respect or describing such modifications or amendments, if any; and

C. There are any existing defaults thereunder, to the knowledge of the party executing the certificate, and specifying the nature of such defaults, if any.

Such certificates shall include such other information as either party, any Investor Member or a Lienholder reasonably requires. The party receiving such a request shall cooperate with the requesting party and shall deliver a written response within twenty (20) days of such request. Without limitation, such certificates as are reasonably requested shall be provided at the request of any Investor Member, or any Lienholder.

ARTICLE 24 — CONSENTS

§ 24.1. Parties and Notice. Whenever the consent or approval of a party to this Lease is required or reasonably requested under this Lease, if they fail to notify the other party in writing within forty-five (45) days (except where a longer period is otherwise specified herein for the giving of such consent or approval) after the giving of a written request therefor in the manner specified herein for the giving of notice, it shall be concluded that such consent or approval has been given, except in the event that Chandler City Council approval is required in which case Landlord will seek to put the item on the Council's agenda at the soonest practically feasible date.

§ 24.2. No Unreasonable Withholding. Wherever in this Lease the consent or approval of either party is required, such consent or approval shall not be unreasonably withheld nor delayed, except where otherwise specifically provided. The remedy of the party requesting such consent or approval, in the event such party should claim or establish that the other party has unreasonably withheld or delayed such consent or approval, shall be limited to injunction or declaratory judgment and in no event shall such other party be liable for a money judgment.

ARTICLE 25 — LANDLORD NOT LIABLE

§ 25.1. Limitation of Liability. Landlord shall not be responsible or liable for any damage or injury to any property, fixtures, merchandise, or decorations or to any person or persons at any time on the Premises from steam, gas, electricity, water, rain, or any other source whether the same may leak into, issue or flow from any part of the Premises or from pipes or plumbing work of the same, or from any other place or quarter; nor shall Landlord be in any way responsible or liable in case of any accident or injury including death to any of Tenant's employees, agents, subtenants, or to any person or persons in or about the Premises or the streets or sidewalks adjacent thereto; and Tenant agrees that it will not hold Landlord in any way responsible or liable therefor.

ARTICLE 26 — MISCELLANEOUS

§ 26.1. Intentionally Omitted.

§ 26.2. Right of Cancellation. All parties hereto acknowledge that this agreement is subject to cancellation by Landlord or Tenant pursuant to the provisions of §38-511, Arizona Revised Statutes.

§ 26.3. Legal Actions. Any legal action instituted pursuant to this Lease shall be brought in the County of Maricopa, State of Arizona, or in the Federal District Court in the District of Arizona in Phoenix, Arizona. The prevailing party in such action shall be reimbursed by the non-prevailing party for all costs and expenses of such action, including reasonable attorneys' fees as may be fixed by the Court. This Lease shall be construed and enforced in accordance with the laws of the State of Arizona.

§ 26.4. Memorandum. Landlord and Tenant shall each execute and deliver a memorandum of this Lease substantially in the form attached hereto as Exhibit E, which shall be recorded in the Office of the County Recorder, Maricopa County, Arizona.

§ 26.5. Entire Agreement. This Lease, together with its schedules and Exhibits and all documents incorporated herein by reference, contains the entire agreement between Landlord and Tenant and any executory agreement hereafter made between Landlord and Tenant shall be ineffective to change, modify, waive, release, discharge, terminate, or effect an abandonment of this Lease, in whole or in part, unless such executory agreement is in writing and signed by the party against whom enforcement of the change, modification, waiver, release, discharge, termination, or the effect of the abandonment is sought.

§ 26.6. Captions. The captions of Articles and Sections in this Lease are used only as a convenience and for reference and they in no way define, limit, or describe the scope of this Lease or the intent of any provision thereof. References to Articles and Section numbers are to those in this Lease unless otherwise noted.

§ 26.7. Execution and Delivery. This Lease shall bind Tenant upon its execution thereof. Landlord shall be bound only after it executes and delivers the Lease to Tenant.

§ 26.8. Singular and Plural, Gender. If two or more persons, firms, corporations, or other entities constitute either the Landlord or the Tenant, the word "Landlord" or the word "Tenant" shall be construed as if it reads "Landlords" or "Tenants" and the pronouns "it," "he," and "him" appearing herein shall be construed to be the singular or plural, masculine, feminine, or neuter gender as the context in which it is used shall require

§ 26.9. Multiple Parties. If at any time Landlord, Tenant, any Lienholder (Landlord, Tenant or any such Lienholder being in this Section referred to as a "party") is other than one individual, partnership, firm, corporation, or other entity, the act of, or notice, demand, request, or other communication from or to, or payment of refund from or to, or signature of, or any one of the individuals, partnerships, firms, corporations, or other entities then constituting such party with respect to such party's estate or interest in the Premises or this Lease shall bind all of them as if all of them so had acted, or so had given or received such notice, demand, request, or other communication, or so had given or received such payment or refund, or so had signed, unless all of them theretofore have executed and acknowledged in recordable form and given a notice (which has not theretofore been revoked by notice given by all of them) designating not more than three individuals, partnerships, firms, corporations, or other entities as the agent or agents for all of them. If such a notice of designation has theretofore been given, then, until it is revoked by notice given by all of them, the act of, or notice, demand, request or other communication from or to, or payment or refund from or to, or signature of, the agent or agents so designated with respect to such party's estate or interest in the Premises or this Lease shall bind all of the individuals, partnerships, firms, corporations, or other entities then constituting such party as if all of them so had acted, or so had given or received such notice, demand, request, or other communication, or so had given or received such payment or refund, or so had signed.

§ 26.10. Amendments. This Lease shall not be amended or modified without the express written consent of Lienholder(s), which shall not be unreasonably withheld. Any purported amendment or modification for which such consent has not been obtained shall be void.

§ 26.11. Exhibits and Incorporation. The following exhibits and schedules, which are attached hereto or are in the possession of the Landlord and Tenant, are incorporated herein by reference as though fully set forth:

Exhibit A Legal Description of the Premises
Exhibit B Insurance Requirements
Exhibit C Title Encumbrances
Exhibit D Form of Memorandum of Ground Lease
Schedule 17.7.C List of Lienholders

ARTICLE 27 — EQUAL EMPLOYMENT OPPORTUNITY

Tenant shall comply with all elements and requirements of the Equal Employment Opportunity laws and ordinances.

ARTICLE 28 — ENFORCED DELAY

§ 28.1. Enforced Delay; Extension of Time of Performance. Whether stated or not, all periods of time in this Lease are subject to this Section. Neither the Landlord nor Tenant, as the case may be, shall be considered to have caused an Event of Non-Performance with respect to its obligations under this Lease (or to have failed to meet any required date of performance) in the event of enforced delay ("Enforced Delay") due to (1) causes beyond its reasonable control and without its negligent or intentional failure to comply with Applicable Laws, including, but not restricted to, acts of God, acts of public enemy, acts of the Federal, state or local government, acts of the other party, litigation or other action authorized by law concerning the validity and enforceability of this Lease or relating to transactions contemplated hereby (including the effect of petitions for initiative or referendum), fires, floods, epidemics, quarantine, restrictions, strikes, embargoes, labor disputes, and unusually severe weather or the delays of subcontractors or materialmen due to such causes, act of a public enemy, war, terrorism or act of terror (including but not limited to bio-terrorism or ecoterrorism), nuclear radiation, declaration of national emergency or national alert, blockade, insurrection, riot, labor strike or interruption, extortion, sabotage, or similar occurrence or any exercise of the power of eminent domain, condemnation, or other taking by the action of any governmental body on behalf of any public, quasi-public, or private entity, or declaration of moratorium or similar hiatus directly affecting the Premises (whether permanent or temporary) by any public, quasi-public or private entity; (2) the discovery of Regulated Substances on, at or affecting the Premises not disclosed by any applicable environmental assessment or otherwise known by or disclosed to the party or parties affected thereby; the discovery of funerary objects or archaeological resources or artifacts on, at or affecting the Premises requiring repatriation, study, removal or further acts mandated by federal or state law; or the discovery of Endangered Species on, at or affecting the Premises; (3) the order, judgment, action, or determination of any court, administrative agency, governmental authority or other governmental body (collectively, an "Order") which delays the completion of the work or other obligation of the party claiming the delay; or the suspension, termination, interruption, denial, or failure of renewal (collectively, a "Failure") of issuance of any permit, license, consent, authorization, or approval necessary to Tenant's undertakings pursuant to this Agreement, unless it is shown that such Order or Failure is the result of the failure to comply with Applicable Laws or to fully comply with the applicable application requirements by the party claiming the delay; provided, however, that the contesting in good faith of any such Order or Failure shall not constitute or be construed or deemed as a waiver by a party of Enforced Delay; and (4) the denial of an application, failure to issue, or suspension, termination, delay or interruption other than by or from Landlord, Maricopa County or the Chandler City Council or one of its departments, divisions, agencies, commissions or boards (collectively, a "Denial") in the issuance or renewal of any permit, approval or consent required or necessary in connection with Tenant's undertakings pursuant to this Agreement, if such Denial is not also the result of the failure to comply with Applicable Laws or to fully comply with the applicable application requirements by the party claiming the delay; provided that the contesting in good faith or the failure in good faith to contest any such Denial shall not constitute or be construed or deemed as a waiver by a Party of Enforced Delay. In no event will Enforced Delay include any delay resulting from general economic or market conditions, unavailability for any reason of particular tenants or purchasers of portions of the Project, nor from the unavailability for any reason of particular contractors, subcontractors, vendors, investors or lenders desired by Tenant in connection with the Project, it being agreed that Tenant will bear all risks of delay which are not Enforced Delay. In the event of the occurrence of any such Enforced Delay, the time or times for performance of the obligations of the party claiming delay shall be extended for a period of the Enforced Delay; provided that the party seeking the benefit of the provisions of this Section 28.1 shall, within thirty (30) days after such party knows of any such Enforced Delay, first notify the other party of the specific delay in writing and claim the right to an extension for the period of the Enforced Delay; provided, however, that either party's failure to notify the other of an event constituting an Enforced Delay shall not alter, detract from or negate its character as an Enforced Delay if such event of Enforced Delay were not known or reasonably discoverable by such party.

ARTICLE 29 — INTENTIONALLY OMITTED

ARTICLE 30 — COMPLIANCE WITH ENVIRONMENTAL LAWS

§ 30.1. Definitions.

A. "***De Minimis Amounts***" shall mean any Regulated Substance used, maintained, or stored by any party at the Premises in the ordinary course of business in such quantities and in a manner that (i) does not constitute a violation of any Environmental Law or require any reporting or disclosure under any Environmental Law; (ii) is consistent with product labeling; and (iii) is consistent with customary business practice for such operations in the state where the Property is located.

B. ***"Environmental Condition"****:* (i) the Release of Regulated Substances; (ii) the violation of any Environmental Law; or (iii) the presence of Regulated Substances on, in, or under the Premises, whether at concentrations requiring remediation under any Environmental Law, or otherwise.

C. ***"Environmental Laws"***: Those laws promulgated for the protection of human health or the environment, including but not limited to the following as the same are amended from time to time: the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601 *et seq*.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 *et seq*.; the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq*.; the Safe Drinking Water Act, 42 U.S.C. § 300f *et seq*.; the Clean Water Act, 33 U.S.C. § 1251 *et seq*.; the Clean Air Act, 42 U.S.C. § 7401 *et seq*.; the Arizona Environmental Quality Act, Title 49 of the Arizona Revised Statutes; the Occupational Safety and Health Act of 1970, as amended, 84 Stat. 1590, 29 U.S.C. §§ 651-678; Maricopa

County Air Pollution Control Regulations; Title 41, and any so-called "Superfund" or "Superlien" law and the regulations promulgated thereunder and any other laws, regulations and ordinances (whether enacted by the local, county, state or federal government) now in effect or hereinafter enacted that deal with the regulation or protection of human health and the environment, including but not limited to the ambient air, ground water, surface water, and land use, including substrata soils.

D. "***Existing Environmental Condition***": means any Environmental Condition in existence as of the Effective Date.

E. ***"Regulated Substances"***:

A. Any substance identified or listed as a hazardous substance, pollutant, hazardous material, or petroleum in the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 *et seq*.; the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 *et seq*., and in the regulations promulgated thereto; and Underground Storage Tanks, U.S.C. §§ 6991 to 6991i.

B. "Hazardous wastes" as defined by the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 *et seq*.

C. Any substance identified or listed as a hazardous substance, pollutant, toxic pollutant, petroleum, or as a special or solid waste in the Arizona Environmental Quality Act, A.R.S. § 49-201 *et seq*.; including, but not limited to, the Water Quality Assurance Revolving Fund Act, A.R.S. § 49-281 *et seq*.; the Solid Waste Management Act, A.R.S. § 49-701 *et seq*.; the Underground Storage Tank Regulation Act, A.R.S. § 49-1001 *et seq*.; and Management of Special Waste, A.R.S. § 49-851 to 49-868.

D. All substances, materials and wastes that are, or that become, regulated under, or that are classified as hazardous or toxic under any Environmental Law; petroleum, crude oil or fraction thereof; any radioactive material, including any source, special nuclear or by-product material as defined in 42 U.S.C. §2011 *et seq*. and amendments thereto and reauthorizations thereof; asbestos-containing materials in any form or condition; and polychlorinated biphenyls in any form or condition.

F. ***"Release"***: Any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping.

§ 30.2. Compliance. From and after the Effective Date, Tenant shall, at Tenant's own expense, comply with all present and hereinafter enacted Environmental Laws and any amendments thereto, affecting Tenant's operation on the Premises.

Tenant shall not cause or permit any Regulated Substance to be used, generated, manufactured, produced, stored, brought upon, or released on, or under the Premises, or transported to or from the Premises, by Tenant, its agents, employees, contractors, invitees or a third party in a manner that would constitute or result in a violation of any Environmental Law or that would give rise to liability under an Environmental Law, except for De Minimis Amounts.

Tenant may provide for the treatment of certain discharges regulated under the pretreatment ordinances pursuant to any State of Arizona or municipal code or such other ordinances as may be promulgated and the Federal Clean Water Act, 33 U.S.C. § 1251 et seq. The provisions of this Article 30 are intended to create a covenant running with the land and shall be binding upon the Landlord and the Tenant and each of their respective successors and assigns and all subsequent owners of the Premises and the Improvements, including, without limitation, any entity which succeeds to the Tenant's interest in the Premises and the Improvements.

§30.3. Responsibilities

A. **Responsibility of Tenant**. Subject to Section 30.3.C. ., and except to the extent that an Existing Environmental Condition is aggravated or exacerbated by the negligence or willful misconduct (including acts or omissions) of the Tenant, its agents or contractors, the Tenant shall not be responsible under this Lease for any claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith arising out of (i) any Existing Environmental Conditions; (ii) any activity by the Landlord or its agents or contractors carried on or undertaken on or off the Premises prior to the Effective Date in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport or disposal of any Regulated Substances located or present on or under the Premises (except to the extent of any activity carried on or undertaken by or contracted for by the Tenant or its agents); or (iii) the failure of the Landlord or its agents or contractors prior to the Effective Date to comply with any Environmental Laws relating to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Regulated Substances into, on, under or from the Premises whether or not such failure to comply was known or knowable, discovered or discoverable prior to the Effective Date.

B. **Responsibility of Landlord**. Subject to Section 30.3.C. , the Landlord shall not be responsible under this Lease for any claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith, arising out of (i) any activity by the Tenant or its agents or contractors carried on or undertaken on or off the Premises following the Effective Date in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport or disposal of any hazardous substances located or present on or under the Premises (except to the extent of any activity carried on or undertaken by or contracted for by the Landlord or its agents and except to the extent that such activities relate to any

Existing Environmental Condition); or (ii) the failure of the Tenant or its agents or contractors following the Effective Date to comply with any Environmental Laws relating to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of hazardous substances into, on, under or from the Premises whether or not such failure to comply was known or knowable, discovered or discoverable following the Effective Date.

C. **Environmental Conditions Occurring After the Effective Date.** Landlord and Tenant shall be jointly responsible (i.e., on a 50/50 basis) for the remediation of any Environmental Condition that occurs on the Premises after the Effective Date, unless such Environmental Condition is caused solely by Landlord or those for whom Landlord is legally liable, or is caused solely by Tenant or those for whom Tenant is legally liable, in which case, the party causing the Environmental Condition shall be solely responsible for all costs associated with the remediating the Environmental Condition, including, without limitation, any costs incurred by a third party (including the Investor Members or any Lender) as a result of such Environmental Condition.

§ 30.4. Indemnification.

A. Subject to the limitations set forth in Section 30.4.K. and to the cost sharing provisions in Section 30.3.C., Tenant shall indemnify, defend and hold harmless, on demand, Landlord, its successors and assigns, its elected and appointed officials, employees, agents, boards, commissions, representatives, and attorneys (together, the "Landlord Indemnified Parties"), for, from and against any and all liabilities, obligations, damages, charges and expenses, penalties, suits, fines, claims, legal and investigation fees or costs, arising from or related to any claim or action for injury, liability, breach of warranty or representation, or damage to persons, property, the environment or the Premises and any and all claims or actions brought by any person, entity or governmental body, alleging or arising in connection with contamination of, or adverse effects on, human health, property or the environment pursuant to any violations of Environmental Law, the common law, or other statute, ordinance, rule, regulation, judgment or order of any governmental agency or judicial entity, which are incurred or assessed as a result, whether in part or in whole, of any use of the Premises by Tenant during the Term. Regardless of the date of termination of this Lease, Tenant's obligations and liabilities under this Section 30.4 shall continue so long as the Landlord bears any liability or responsibility under the Environmental Laws for any use of the Premises during the Term. This indemnification of the Landlord Indemnified Parties by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial actions, removal or restoration work required or conducted by any federal, state or local governmental agency or political subdivision because of Regulated Substances located on the Premises or present in the soil or ground water on, or under the Premises. The parties agree that Landlord's right to enforce this covenant to indemnify is not an adequate remedy at law for Tenant's violation of any provision of this Article and that Landlord shall also have the rights set forth in this Article in addition to all other rights and remedies provided by law or otherwise provided for in this Lease.

B. Without limiting the foregoing, if the presence of any Regulated Substance on, or under the Premises results in any contamination of the Premises or any adjacent real property during the Term, to the extent required by Environmental Law, Tenant shall promptly take all actions at its sole cost and expense as are necessary to mitigate any immediate threat to human health or the environment. Tenant shall then undertake any further action necessary to return the Premises or other property to the condition existing prior to the introduction of any Regulated Substance to the Premises; provided that Landlord's written approval of such actions shall first be obtained, which shall not be unreasonably conditioned, withheld or delayed. Tenant shall undertake such actions without regard to the potential legal liability of any other person, however, any remedial activities by Tenant shall not be construed as to impair Tenant's rights, if any, to seek contribution or indemnity from another person.

C. Tenant shall, at Tenant's own cost and expense, make all tests, reports, studies and provide all information to any appropriate governmental agency as may be required pursuant to the Environmental Laws pertaining to Tenant's use of the Premises. This obligation includes but is not limited to any requirements for a site characterization, site assessment and/or a cleanup plan that may be necessary due to any actual or potential spills or discharges of Regulated Substances on, or under the Premises, during the Term. At no cost or expense to Landlord, Tenant shall promptly provide all information requested by Landlord pertaining to the applicability of the Environmental Laws to the Premises, to respond to any governmental investigation, or to respond to any claim of liability by third parties which is related to environmental contamination. In addition, Landlord shall have the right to access, within ten (10) days of Tenant's receipt of written request, and copy any and all records, test results, studies and/or other documentation, other than trade secrets, regarding environmental conditions relating to the use, storage, or treatment of Regulated Substances by the Tenant on, or under the Premises.

D. Tenant shall immediately notify Landlord of any of the following: (1) any correspondence or communication from any governmental agency regarding the application of Environmental Laws to the Premises or Tenant's use of the Premises, (2) any change in Tenant's use of the Premises that will change or has the potential to change Tenant's or Landlord's obligations or liabilities under Environmental Laws, and (3) any assertion of a claim or other occurrence for which Tenant may incur an obligation under this Article 30.

E. Tenant shall, at its own expense, obtain and comply with any permits or approvals that are required or may become required as a result of any use of the Premises by the Tenant, its agents, employees, contractors, invitees and assigns.

F. Tenant shall obtain and maintain compliance with any applicable financial responsibility requirements of federal and/or state law regarding the ownership or operation of any underground storage tank(s) or any device used for the treatment or storage of a Regulated Substance and present evidence thereof to Landlord, as may be applicable.

G. Subject to the cost sharing provisions in Section 30.3.C., Landlord shall indemnify and hold harmless Owner, its members, managers, employees, agents, officer, directors, shareholders, and each of their affiliates, successors and assigns from, any and all costs or liability arising out of Existing Environmental Conditions, except to the extent that an Existing Environmental Condition is aggravated or exacerbated by the negligence or willful misconduct (including acts or omissions) of the Tenant, its agents or contractors, the Tenant.

§30.5. Noncompliance.

Tenant's failure or the failure of its agents, employees, contractors, invitees or of a third party to comply with any of the requirements and obligations of this Article 30 or applicable Environmental Laws shall constitute a material default of this Lease. Notwithstanding any other provision in this Lease to the contrary, Landlord shall have the right of "self-help" or similar remedy in order to minimize any damages, expenses, penalties and related fees or costs, arising from or related to a violation of Environmental Laws on, or under the Premises, without waiving any of its rights under this Lease. The exercise by Landlord of any of its rights under this Article shall not release Tenant from any obligation it would otherwise have hereunder.

The covenants in this Article 30 shall survive the expiration or earlier termination of this Lease.

ARTICLE 31 - MISCELLANEOUS

§ 31.1. Landlord Representations and Warranties. Landlord hereby represents, warrants, covenants and agrees that (a) its execution of the Lease will not violate any agreement to which Landlord is a party; (b) there is no litigation pending against Landlord which would have a material impact on the Project, the Premises or Landlord's ability to perform its obligations under this Lease, or with respect to the Premises; (c) there is no pending taking of the Premises; (d) other than Tenant, there is no tenant who would have any right of claim to possession or use of the Premises; (e) there are no unpaid special assessments touching, concerning or relating to the Premises. Landlord further represents and warrants that, as of the Effective Date, other than as disclosed in Final Phase 1 and other reports provided for diligence (the "Environmental Reports"): (a) there is not located on, in, about or under the Land any Regulated Substances on the Land; (b) there has not in the past been, and no present threat now exists of, a spill, discharge, emission or Release of a Regulated Substance in, upon, under, over or from the Land or from any other property which would have an impact on the Land; (c) the Land is not presently used, and has not in the past been used, as a landfill, dump, disposal facility or gasoline station, or for industrial, manufacturing or military purposes, or for the storage, generation, production, manufacture, processing, treatment, disposal, handling, transportation or deposit of any Regulated Substances; (d) the Land is in compliance with, and there are no past or present investigations, administrative proceedings, litigation, regulatory hearings or other actions completed, proposed, threatened or pending, alleging noncompliance with or violation of, any Environmental Law respecting the Land, or relating to any required environmental permits covering the Land; (e) there are not now, nor have there ever been, any above ground or underground storage tanks located in or under the Land, and any and all storage tanks disclosed in the Environmental Reports have been registered and/or permitted as required by Environmental Law, and evidence of such registration and/or permitting has been given to Tenant; and (f) there are no wells on or under the Land.

§ 31.2. Intentionally Deleted.

§ 31.3. Exculpatory Provision. Tenant acknowledges that in the event of a default under this Lease, of any kind or nature whatsoever, Tenant shall look solely to Landlord for remedy or relief; and that no Chandler City Council Member, elected or appointed official, officer, agent, or employee of the City of Chandler shall be liable to Tenant, or any successor in interest to Tenant, including any subtenant, any Investor Member, or Lienholder, in any way due to a default by Landlord under this Lease.

§ 31.4. HUD Use Agreement. In addition to entering into this Lease, Landlord and Tenant also contemplate the provision of rental assistance to the Project pursuant to a Housing Assistance Payment Contract ("HAP Contract"). If a HAP Contract is entered into pursuant to the RAD program, HUD will require Landlord and Tenant to enter into a RAD Use Agreement ("Use Agreement") in connection with the provision of rental assistance to the Project. Notwithstanding any other clause or provision in this Lease, upon execution of the Use Agreement and for so long as the Use Agreement is in effect, the following provisions shall apply:

1. This Lease shall in all respects be subordinate to the Use Agreement. Subordination continues in effect with respect to any future amendment, extension, renewal, or any other modification of the Use Agreement or the Lease.

2. If any of the provisions of this Lease conflict with the terms of the Use Agreement, the provisions of the Use Agreement shall control.

3. The provisions in this 31.4 are required to be inserted into this Lease by HUD and may not be amended without HUD's prior written approval.

4. Violation of the Use Agreement constitutes a default of this Lease.

5. Notwithstanding any other contract, document or other arrangement, upon termination of this Lease, title to the real property leased herein shall remain vested in the City of Chandler and title to the buildings, fixtures, improvements, trade fixtures and equipment that belong to Tenant shall vest in the City of Chandler.

6. Neither Tenant nor any of its member or partners shall have the authority to:
   a. Take any action in violation of the Use Agreement; or
   b. Fail to renew the Hap Contract upon such terms and conditions applicable at the time of renewal when offered for renewal by the City of Chandler or HUD.

7. Except to the extent permitted by the HAP Contract or Use Agreement and the normal operation of the Project, neither Tenant nor any of its members or partners shall have the authority, without the consent of the City of Chandler, to sell, transfer, convey, assign, mortgage, pledge, sublease or otherwise dispose of, at any time, the Project or any part thereof.

[SIGNATURE PAGES FOLLOW]

SIGNATURE PAGE 1 OF 2 TO GROUND LEASE

"TENANT"

VILLAS ON MCQUEEN, LLC, an
Arizona limited liability company

By: Villas on McQueen MM, LLC, an
Arizona limited liability company, its
Managing Member

By: GEC Villas on McQueen, LLC, a
Wisconsin limited liability company, its
Manager

By: Gorman & Company, LLC, a
Wisconsin limited liability company, its
Manager

By: ________________________________
Brian Swanton, President

Signatures continue on following page.

SIGNATURE PAGE 2 OF 2 TO GROUND LEASE

"LANDLORD"

CITY OF CHANDLER, an Arizona municipal corporation

By: ______________________________________
Name: ____
Title: City Manager

Attest:

By: ______________________________________
Name: ____________________________________
Title: City Clerk

Approved as to form:

By: ______________________________________
(Asst.) City Attorney
DMG

Legal Description of the Premises

LEGAL DESCRIPTION (LOT 1-NET)

A PARCEL LOCATED IN THE NORTHWEST QUARTER OF SECTION 35, TOWNSHIP 1 SOUTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING BRASS CAP IN HAND HOLE ACCEPTED AS THE NORTHWEST CORNER OF SAID SECTION 35 FROM WHICH A BRASS CAP IN HAND HOLE ACCEPTED AS THE WEST QUARTER CORNER OF SAID SECTION 35 THEREOF BEARS SOUTH 00 DEGREES 24 MINUTES 42 SECONDS WEST, A DISTANCE OF 2641.47 FEET;

THENCE SOUTH 00 DEGREES 24 MINUTES 42 SECONDS WEST, A DISTANCE OF 659.05 FEET ALONG THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION;

THENCE LEAVING SAID WEST LINE, SOUTH 89 DEGREES 35 MINUTES 18 SECONDS EAST, A DISTANCE OF 65.00 FEET TO THE EAST RIGHT OF WAY LINE OF MCQUEEN ROAD BEING THE POINT OF BEGINNING;

THENCE LEAVING SAID EAST LINE, NORTH 89 DEGREES 09 MINUTES 27 SECONDS EAST, A DISTANCE OF 116.16 FEET ALONG THE EASTERLY PROLONGATION OF THE SOUTH LINE OF THE MINOR LAND DIVISION MAP QUICK TRIP #450 RECORDED AS BOOK 1606, PAGE 48 RECORDS OF MARICOPA COUNTY, ARIZONA;

THENCE THE FOLLOWING TWO (2) COURSES ALONG SAID SOUTH LINE;

THENCE NORTH 00 DEGREES 23 MINUTES 35 SECONDS EAST, A DISTANCE OF 25.01 FEET;

THENCE NORTH 89 DEGREES 09 MINUTES 52 SECONDS EAST, A DISTANCE OF 147.89 FEET TO THE WEST LINE OF THE FINAL PLAT OF WATCHTOWER CARWASH AND OFFICES RECORDED AS BOOK 1739, PAGE 4 RECORDS OF MARICOPA COUNTY, ARIZONA;

THENCE ALONG SAID WEST LINE, SOUTH 00 DEGREES 23 MINUTES 35 SECONDS WEST, A DISTANCE OF 24.99 FEET TO THE SOUTH LINE OF SAID PLAT;

THENCE ALONG SAID SOUTH LINE, NORTH 89 DEGREES 09 MINUTES 27 SECONDS EAST, A DISTANCE OF 328.97 FEET TO THE NORTHWEST CORNER OF THE FINAL PLAT OF SENATE ACRES WEST RECORDED AS BOOK 200, PAGE 19 RECORDS OF MARICOPA COUNTY, ARIZONA;

THENCE ALONG THE WEST LINE OF SAID PLAT, SOUTH 00 DEGREES 22 MINUTES 6 SECONDS WEST, A DISTANCE OF 327.41 FEET TO THE SOUTH LINE OF THE FINAL PLAT OF S. & H. APARTMENTS RECORDED AS BOOK 204, PAGE 1 RECORDS OF MARICOPA COUNTY, ARIZONA;

THENCE ALONG SAID SOUTH LINE, SOUTH 89 DEGREES 10 MINUTES 48 SECONDS WEST, A DISTANCE OF 593.27 FEET TO THE EAST LINE OF MCQUEEN ROAD AS DEDICATED ON THE FINAL PLAT OF TRAILS END MANOR, RECORDED IN BOOK 287 OF MAPS, PAGE 46, OF OFFICIAL RECORDS, MARICOPA COUNTY, ARIZONA;

THENCE NORTH 00 DEGREES 24 MINUTES 42 SECONDS EAST, A DISTANCE OF 327.18 FEET TO THE POINT OF BEGINNING.

Tenant Insurance Requirements

The Tenant shall procure and maintain, or shall require its contractors, consultants, subcontractors and subconsultants (hereinafter referred to as **"Contractors")** to procure and maintain, until all of their respective obligations have been discharged, including any warranty periods, and all of Tenant's obligations under this Lease are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the services on the Premises by the Tenant, its agents, representatives, employees or Contractors.

If the Tenant does not self-perform some or all of the services outlined in this Lease, it is the Tenant's responsibility and obligation under this Lease to obtain the required insurance verification from its Contractors. All Contractor certificates of insurance must **clearly** identify that the following risks are covered.

The insurance requirements herein are minimum requirements for this Lease and in no way limit the indemnity covenants contained in this Lease.

The Landlord in no way warrants that the minimum limits contained herein are sufficient to protect the Tenant or its Contractors from liabilities that might arise out of the performance of services on the Premises by the Tenant, its agents, representatives, employees or Contractors. The Tenant and its Contractors are free to purchase such additional insurance as may be determined necessary.

I. GENERAL REQUIREMENTS APPLICABLE TO ALL COVERAGES UNLESS OTHERWISE STATED.

A. **Minimum Scope and Limits of Insurance**

The Tenant and Contractors shall provide coverage with limits of liability not less than those stated below. An excess liability policy or umbrella liability policy may be used to meet the minimum liability requirements provided that the coverage is written on a "following form" basis.

B. **Additional Insurance Requirements:** Required insurance policies shall include, or be endorsed to include the following provisions:

1. On insurance policies where the Landlord is named as an additional insured, the Landlord shall be an additional insured to the full limits of liability purchased by the Tenant and Contractors even if those limits of liability are in excess of those required by this Lease.

2. The Tenant's and Contractors' insurance coverage shall be primary insurance and non-contributory with respect to all other available sources.
3. In the event that any professional liability insurance required by this Lease is written on a claims-made basis, any retroactive date under the policy shall precede the effective date of this Lease; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years beginning at the time services on the Premises are completed.
4. Coverage may not be limited to liability assumed under the indemnification provisions of this agreement.
5. The policies must contain a severability of interest clause and a waiver of subrogation against the Landlord, its officers, officials, agents, and employees for losses arising from work performed by Tenant.

C. **Notice of Cancellation:** For each insurance policy required by the insurance provisions of this Lease, the Tenant must provide to the Landlord within ten (10) business days of receipt, a notice if a policy is suspended, voided or canceled for any reason. Such notice shall be mailed, e-mailed, hand delivered or sent via facsimile transmission directly to **City of Chandler Housing and Redevelopment Division, Mail Stop 101, P.O. Box 4008, Chandler, AZ 85244-4008.**

D. **Acceptability Of Insurers:** Insurance is to be placed with insurers duly licensed or authorized to do business in the state of Arizona and with an "A.M. Best" rating of not less than A-7 and legally authorized to do business in the State of Arizona. Provided, however, that the A.M. Best rating requirement shall not be deemed to apply to Workers' Compensation coverage. The Landlord in no way warrants that the above-required minimum insurer rating is sufficient to protect the Tenant and Contractors from potential insurer insolvency.

E. **Verification Of Coverage:** Tenant and Contractors must furnish the Landlord with certificates of insurance (ACORD form or equivalent approved by the Landlord) as required by this Lease. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

All certificates and any required endorsements are to be received and approved by the Landlord before work commences. Each insurance policy required by this Lease must be in effect at or prior to commencement of services under this Lease and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this Lease or to provide evidence of renewal is a material breach of contract.

All certificates required by this Lease shall be sent directly to **City of Chandler Housing and Redevelopment Division, Mail Stop 101, P.O. Box 4008, Chandler, AZ 85244.** The Landlord's project name ("Villas on McQueen") shall be noted on the certificate of insurance. The Landlord reserves the right to require complete, certified copies of all insurance policies required by this Lease at any time.

F. **Contractors:** The Tenant's certificate(s) shall include all Contractors as additional insureds under its policies. Contractors shall maintain separate insurance as determined by the Tenant; however, Contractor's limits of liability shall not be less than $1,000,000 per occurrence / $2,000,000 aggregate.

G. **Deductibles:** The Tenant is responsible for the payment of all policy deductibles.

II. TYPES OF COVERAGES REQUIRED FOR SPECIFIC ACTIVITIES, CONTRACTS AND SUBCONTRACTS

A. DESIGN, SITE PREPARATION AND CONSTRUCTION PHASE:

During the design, site preparation and construction phase of the Development, Tenant shall maintain and shall cause any of its Contractors providing services during this phase, including any warranty periods, to maintain insurance coverages and limits as described below.

The insurance requirements may be satisfied with a Contractor Controlled Insurance Program **("CCIP");** however, those coverages and/or limits not provided by the CCIP must be provided by the Tenant and Contractors.

1. Commercial General Liability - Occurrence Form

Tenant's and Contractor's policy shall include bodily injury, property damage, broad form contractual liability, personal and advertising liability and XCU coverage and shall carry limits as follows. No Contractor shall carry liability with limits less than $1,000,000 per occurrence and $2,000,000 in the aggregate.

Contract/Subcontract Amount	Minimum Required Liability Limits
$25,000,000 to $50,000,000	$10,000,000 occurrence/ $10,000,000 aggregate
$10,000,000 to $25,000,000	$5,000,000 occurrence/ $5,000,000 aggregate
Less than $10,000,000	$1,000,000 occurrence / $2,000,000 aggregate

a. The Tenant's liability policies shall name the Landlord as an additional insured with respect to liability arising out of the activities performed by, or on behalf of the Tenant, including completed operations.
b. Contractor's liability policies shall name the Tenant and the Landlord as additional insureds.

2. Automobile Liability

The Tenant and any Contractor using an owned, hired, or non-owned vehicle to perform services shall provide insurance including bodily injury and property damage coverage.

Combined Single Limit (CSL) $1,000,000

a. The policy shall be endorsed to include the following additional insured language: "The City of Chandler is named as an additional insured."

3. Worker's Compensation and Employers' Liability

If the Tenant has employees, evidence of Workers' Compensation insurance as described shall be provided. All Contractors providing services during the design, site preparation and construction phase must also provide Workers' Compensation insurance.

Workers' Compensation:	Statutory
Employers' Liability:	
Each Accident	$100,000
Disease - Each Employee	$100,000
Disease - Policy Limit	$500,000

a. Policy shall contain a waiver of subrogation in favor of the Landlord.
b. This requirement shall not apply when a Contractor is exempt under A.R.S. 23-901, **AND** when such Contractor executes the appropriate sole proprietor waiver form.

4. Professional Liability (Errors and Omissions Liability)

The Tenant shall carry or cause its Contractors to maintain professional liability insurance at the limits specified below if they are providing the following professional services during the design, site preparation and construction phase of the Development. All professional services providers shall carry professional liability insurance with limits of at least $1,000,000 per claim and $1,000,000 aggregate.

Type of Service	Required Limits
Architectural/Engineering/Design	$2,000,000 per claim $2,000,000 aggregate
Geotechnical Assessment/Consulting	$2,000,000 per claim $2,000,000 aggregate

Consulting Services	$1,000,000 per claim $1,000,000 aggregate

a. In the event that any professional liability insurance required by this Lease is written on a claims-made basis, any retroactive date under the policy shall precede the effective date of this Lease; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years beginning at the time services on the Premises are completed.

5. Builders' Risk Insurance

The Tenant shall provide, or cause its Contractor to provide, Builders Risk insurance for the construction of the Development in an amount equal to the full Development construction cost. The Tenant may require its General Contractor or Construction Manager at Risk to procure the Builders Risk insurance on the entire Development.

a. Coverage shall be written on a special causes of loss (all risk) form, replacement cost value basis and shall include coverage for soft costs, flood and earth movement unless otherwise waived by the Landlord.
b. If the policy is purchased by the General Contractor or Construction Manager at Risk, the Tenant must also be a named insured under the policy.
c. A standard Lender's Loss Payable Endorsement naming the City of Chandler shall be endorsed onto the policy.
d. A Permit to Occupy Endorsement shall be included if tenants can move in before construction is completed.
e. The policy must provide coverage from the time any covered property becomes the responsibility of the Tenant, and continue without interruption during construction, renovation, or installation, including any time during which the covered property is being transported to the construction/installation site, or awaiting installation, whether on or off site.
f. Policy shall contain a waiver of subrogation in favor of the Landlord.

6. Contractor's Pollution Liability (Including Errors and Omissions)

The following insurance requirements are applicable to the Tenant and all Contractors performing environmental services under this Lease for losses caused by pollution conditions that arise from the operations performed by or on behalf of the Tenant. Types of services that require this coverage include, but are not limited to, the following:

- Environmental Assessment or Consulting Services
- Environmental Testing Services
- Environmental Remediation/Abatement Services

- Environmental Engineering Services

Per Occurrence	$1,000,000
General Aggregate	$2,000,000

a. The policy shall provide for complete professional service coverage, including coverage for pollution liability that is the result of a breach of professional duties.
b. The policy shall provide for protection against claims for third-party bodily injury, property damage, natural resources damage or environmental damage caused by pollution conditions resulting from general contracting activities for which the Tenant and Contractor is legally liable.
c. The policy shall provide for cleanup costs when mandated by governmental entities, when required by law, or as a result of third-party claims.
d. The policy shall not contain an insured vs. insured exclusion with respect to the Landlord as an insured.
e. The policy shall provide a waiver of subrogation in favor of the Landlord, and shall provide coverage for vicarious liability of all Contractors of the Tenant.
f. The policy shall be endorsed to include the following additional insured language: "The City of Chandler is named as an additional insured with respect to liability arising out of the activities performed by, or on behalf of the Tenant and/or Contractor".
g. This Lease shall be an endorsed contract onto the policy.
h. In the event that any professional liability insurance required by this Lease is written on a claims-made basis, any retroactive date under the policy shall precede the effective date of this Lease; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years beginning at the time services on the Premises are completed.

7. Pollution Legal Liability (only if work involves the transportation of hazardous materials or regulated substances) (This coverage should be reviewed if/when presence of hazardous materials or regulated substances is identified.)

If the Tenant requires the transportation of any hazardous material or regulated substances, the Tenant shall provide coverage or cause its Contractors to provide coverage with limits of at least:

Per occurrence	$1,000,000
General Aggregate	$2,000,000

a. The policy shall be endorsed to include the following additional insured language: "The City of Chandler is named as an additional insured with respect to liability arising out of the activities performed by, or on behalf of the Tenant and/or Contractor".

b. If the Tenant requires the transportation of any hazardous materials or regulated substances, then the policy shall provide coverage for claims resulting in bodily injury, property damage, natural resources damage, environmental damage or cleanup costs associated with a pollution condition from transported cargo.

8. Pollution Legal Liability for Disposal Site Operator

If the Tenant requires the disposal of any hazardous materials from the Development site, the Tenant shall obtain a certificate of insurance for Pollution Legal Liability from the disposal site operator.

- Facilities that store hazardous materials or regulated substances
- Facilities that accept, treat, store and dispose of hazardous waste
- Disposal site / solid waste landfill operators
- Incinerators
- Water and waste-water treatment facilities/ operations
- Certain types of recycling facilities that recycle metals, lead-acid batteries, used oil, etc.

Per Occurrence	$1,000,000
General Aggregate	$2,000,000

III. <u>OPERATIONAL PHASE (AFTER CONSTRUCTION IS COMPLETED)</u>

After construction is completed, the Tenant shall maintain or cause any of its Contractors performing services on the Premises to maintain for the duration of the Lease or until the Tenant has no further interest in the Development, insurance coverages and limits as described below.

1. Commercial General Liability - Occurrence Form

Policy shall include bodily injury, property damage and broad form contractual liability coverage for the ownership, operation and management of the completed Development and include coverage for premises, operations, independent contractors, products-completed operations, personal and advertising injury, and liability assumed under an insured contract. Policy shall include coverage for management operations on and off-site of the Development.

• General Aggregate	$4,000,000
• Products - Completed Operations Aggregate	$4,000,000
• Personal and Advertising Injury	$1,000,000

• Each Occurrence	$4,000,000
• Fire Damage (Damage to Rented Premises)	$1,000,000
• Medical Expense	$ 5,000

a. The policy shall include the Landlord as an additional insured with respect to liability arising out of ownership, operations, management or occupancy of the property subject to this Lease.

2. Excess/Umbrella Liability

• Per Occurrence	$5,000,000
• Aggregate	$5,000,000

3. Automobile Liability

Bodily Injury and Property Damage for any owned, hired, and non-owned vehicles used in the performance of operational services under this Lease.

- Combined Single Limit (CSL) $1,000,000

4. Professional Liability (Errors and Omissions Liability)

The Tenant shall carry or cause its Contractors to maintain professional liability insurance at the limits specified below if they are providing the following professional services during the operational phase of the Development.

- Property Management Services
- Realtor Services
- Consulting Services
- Financing Services
-

Each Claim	$2,000,000
Annual Aggregate	$2,000,000

a. In the event that any professional liability insurance required by this Lease is written on a claims-made basis, any retroactive date under the policy shall precede the effective date of this Lease; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years beginning at the time services on the Premises are completed.

5. Worker's Compensation and Employers' Liability

If the Tenant has employees, evidence of Workers' Compensation insurance as described shall be provided. All Contractors providing services during the Operational Phase must also provide Workers' Compensation insurance.

Workers' Compensation	Statutory
Employers' Liability	
Each Accident	$100,000
Disease - Each Employee	$100,000
Disease - Policy Limit	$500,000

a. Policy shall contain a waiver of subrogation in favor of the Landlord.
b. This requirement shall not apply when a Contractor is exempt under A.R.S. 23-901, **AND** when such Contractor executes the appropriate sole proprietor waiver form.

6. All Risk Property Insurance

The Tenant shall maintain or cause the Property Manager to maintain in effect property insurance for all improvements, sufficient to satisfy the requirements of all lenders including the Landlord, and including buildings, unattached structures, fencing, swimming pools, and playground equipment. Policy shall include:

a. Special form all risk insurance including the perils of flood and earthquake, unless otherwise waived by the Landlord, which waiver shall not be unreasonably withheld.
b. 100% replacement cost coverage.
c. Mechanical Breakdown/Boiler and Machinery.
d. Business Interruption/Loss of Rents Coverage.
e. Lender's Loss Payable Endorsement naming the City of Chandler.
f. The Tenant is responsible for any policy deductibles.
g. Policy shall contain a waiver of subrogation in favor of the Landlord.

7. Fidelity Bond or Crime Insurance

The Tenant shall require its Property Manager to procure and maintain a fidelity bond or crime insurance policy as follows:

a. The bond or policy shall be issued with limits equal to four (4) months maximum gross receipts.
b. The bond or policy shall include coverage for all directors, officers, agents and employees of the Tenant and Property Manager.
c. The bond or policy shall include coverage for third party fidelity protecting funds and property of the Tenant and the Landlord.
d. The bond or policy shall include coverage for extended theft and mysterious disappearance.
e. The bond or policy shall not contain a condition requiring an arrest and conviction.

Exhibit B to Ground Lease

Exhibit C to Ground Lease

Encumbrances

1. Rental Assistance Demonstration Use Agreement dated as of the date of this Lease, for the benefit of and agreed to by the United States Department of Housing and Urban Development, acting by and through the Secretary, his or her successors, assigns or designates, Landlord and Tenant.

2. All other encumbrances on the Tenant's title insurance policy issued by Stewart Title and Trust Insurance Company in connection with the Ground Lease.

Form of Memorandum of Ground Lease

Prepared by and after recording,
please mail to:

Travys Harvey, Esq.
Harvey Law PLLC
7702 East Doubletree Ranch Road, Suite 300
Scottsdale, AZ 85258

MEMORANDUM OF GROUND LEASE

THIS MEMORANDUM OF GROUND LEASE (this “Memorandum”) is made as of ______________, 2024 (the "Effective Date"), by and between the Villas on McQueen, LLC, an Arizona limited liability company, located at 200 North Main Street, Oregon, Wisconsin, 53575, Chandler, Arizona 85225 (hereinafter “Tenant”), and City of Chandler, Arizona, a municipal corporation of the State of Arizona, located at 175 South Arizona Avenue, Chandler, Arizona 85225 (hereinafter “Landlord”).

WHEREAS, Landlord and Tenant have executed that certain Ground Lease dated as of the Effective Date (the “Ground Lease”) for the property more particularly described on Exhibit A attached hereto (the “Premises”).

WHEREAS, the Landlord and Tenant wish to record this Memorandum in order to give constructive notice of the Ground Lease and of Landlord's and Tenant's interests and rights under the Ground Lease.

NOW, THEREFORE, in consideration of the foregoing recitals, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. All capitalized terms used in this Memorandum but not otherwise defined have the meaning given to them in the Ground Lease.

2. The Term of the Lease commenced on the Effective Date and shall expire the day preceding the ninety-ninth (99^{th}) anniversary of the Effective Date, unless the Ground Lease is extended or sooner terminated.

3. Pursuant to Section 31.4 of the Ground Lease, the Ground Lease is subordinated to the Use Agreement in favor of HUD (each as defined in the Ground Lease). Such subordination is enforceable by HUD.

4. The lease of the Premises by Landlord to Tenant shall be subject to all of the terms, covenants and conditions set forth in the Ground Lease, all of which are incorporated by reference in this Memorandum as though fully set forth herein. In the event of any conflict between the terms, covenants and conditions of this Memorandum and the terms, covenants and conditions of the Ground Lease, the terms, covenants and conditions of the Ground Lease shall control. Unless otherwise provided herein, capitalized words and terms in this Memorandum shall have the same meaning ascribed to such words and terms as in the Ground Lease.

5. This Memorandum may be executed simultaneously or in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[SIGNATURE PAGES FOLLOW]

[SIGNATURE PAGE 1 OF 2 TO MEMORANDUM OF GROUND LEASE]

"TENANT"

VILLAS ON MCQUEEN, LLC, an
Arizona limited liability company

By: Villas on McQueen MM, LLC, an
Arizona limited liability company, its
Managing Member

By: GEC Villas on McQueen, LLC, a
Wisconsin limited liability company, its
Manager

By: Gorman & Company, LLC, a
Wisconsin limited liability company, its
Manager

By:___________________________________
Brian Swanton, President

STATE OF __________________)
)
COUNTY OF ________________)

The foregoing instrument was acknowledged before me this ___ day of _________, 2024, by _______________, the _____________ of Gorman & Company, LLC, a Wisconsin limited liability company, as Manager of GEC Villas on McQueen, LLC, a Wisconsin limited liability company, as Manager of Villas on McQueen MM, LLC, an Arizona limited liability company, as Managing Member of Villas on McQueen, LLC, an Arizona limited liability company, on behalf of said companies.

____
Notary Public

________________________________ ____________________________________
Notary Expiration Date Signature of the Notary Public for the Tenant

[STAMP/SEAL]

[SIGNATURE PAGE 2 OF 2 TO MEMORANDUM OF GROUND LEASE]

"LANDLORD"

CITY OF CHANDLER, a political subdivision of the State of Arizona

By: ____
Name: ____
Title: City Manager

Attest:

By: ____
Name: _____________________________________
Title: City Clerk

Approved as to form:

By: ______________________________________
(Asst.) City Attorney

STATE OF ARIZONA)
) ss
County of Maricopa)

On this the ________ day of _____________, 2024, before me, a Notary Public, personally appeared _____________________, as _______________ of City of Chandler, known to me or satisfactorily proven to be the person whose name is subscribed to this Memorandum of Lease and acknowledged that he/she executed the same. If this person's name is subscribed in a representative capacity, it is for the principal named and in the capacity indicated.

________________________________	____________________________________
Notary Expiration Date	Signature of the Notary Public for the Landlord

[STAMP/SEAL]

EXHIBIT A to Memorandum of Ground Lease

Legal Description of the Premises

LEGAL DESCRIPTION (LOT 1-NET)

A PARCEL LOCATED IN THE NORTHWEST QUARTER OF SECTION 35, TOWNSHIP 1 SOUTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING BRASS CAP IN HAND HOLE ACCEPTED AS THE NORTHWEST CORNER OF SAID SECTION 35 FROM WHICH A BRASS CAP IN HAND HOLE ACCEPTED AS THE WEST QUARTER CORNER OF SAID SECTION 35 THEREOF BEARS SOUTH 00 DEGREES 24 MINUTES 42 SECONDS WEST, A DISTANCE OF 2641.47 FEET;

THENCE SOUTH 00 DEGREES 24 MINUTES 42 SECONDS WEST, A DISTANCE OF 659.05 FEET ALONG THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION;

THENCE LEAVING SAID WEST LINE, SOUTH 89 DEGREES 35 MINUTES 18 SECONDS EAST, A DISTANCE OF 65.00 FEET TO THE EAST RIGHT OF WAY LINE OF MCQUEEN ROAD BEING THE POINT OF BEGINNING;

THENCE LEAVING SAID EAST LINE, NORTH 89 DEGREES 09 MINUTES 27 SECONDS EAST, A DISTANCE OF 116.16 FEET ALONG THE EASTERLY PROLONGATION OF THE SOUTH LINE OF THE MINOR LAND DIVISION MAP QUICK TRIP #450 RECORDED AS BOOK 1606, PAGE 48 RECORDS OF MARICOPA COUNTY, ARIZONA;

THENCE THE FOLLOWING TWO (2) COURSES ALONG SAID SOUTH LINE;

THENCE NORTH 00 DEGREES 23 MINUTES 35 SECONDS EAST, A DISTANCE OF 25.01 FEET;

THENCE NORTH 89 DEGREES 09 MINUTES 52 SECONDS EAST, A DISTANCE OF 147.89 FEET TO THE WEST LINE OF THE FINAL PLAT OF WATCHTOWER CARWASH AND OFFICES RECORDED AS BOOK 1739, PAGE 4 RECORDS OF MARICOPA COUNTY, ARIZONA;

THENCE ALONG SAID WEST LINE, SOUTH 00 DEGREES 23 MINUTES 35 SECONDS WEST, A DISTANCE OF 24.99 FEET TO THE SOUTH LINE OF SAID PLAT;

THENCE ALONG SAID SOUTH LINE, NORTH 89 DEGREES 09 MINUTES 27 SECONDS EAST, A DISTANCE OF 328.97 FEET TO THE NORTHWEST CORNER OF THE FINAL PLAT OF SENATE ACRES WEST RECORDED AS BOOK 200, PAGE 19 RECORDS OF MARICOPA COUNTY, ARIZONA;

THENCE ALONG THE WEST LINE OF SAID PLAT, SOUTH 00 DEGREES 22 MINUTES 6 SECONDS WEST, A DISTANCE OF 327.41 FEET TO THE SOUTH LINE OF THE FINAL PLAT OF S. & H. APARTMENTS RECORDED AS BOOK 204, PAGE 1 RECORDS OF MARICOPA COUNTY, ARIZONA;

THENCE ALONG SAID SOUTH LINE, SOUTH 89 DEGREES 10 MINUTES 48 SECONDS WEST, A DISTANCE OF 593.27 FEET TO THE EAST LINE OF MCQUEEN ROAD AS DEDICATED ON THE FINAL PLAT OF TRAILS END MANOR, RECORDED IN BOOK 287 OF MAPS, PAGE 46, OF OFFICIAL RECORDS, MARICOPA COUNTY, ARIZONA;

THENCE NORTH 00 DEGREES 24 MINUTES 42 SECONDS EAST, A DISTANCE OF 327.18 FEET TO THE POINT OF BEGINNING.

Schedule 17.7.C.

Approved Loans Approved Loans

Lender	Approved Loan Amount
Capital One Notice Address: Capital One, National Association 299 Park Avenue, 14th Floor New York, New York 10171 Attention: Community Finance Portfolio Management With a copy to: Sidley Austin LLP 787 Seventh Avenue New York, New York 10019 Attention: Aviva Yakren, Esq.	$30,000,000 Construction Loan (Bonds) $____________ Construction Loan (Taxable Loan)
Cedar Rapids Bank and Trust Company Notice Address: Cedar Rapids Bank and Trust Company 500 First Avenue Northeast Cedar Rapids, Iowa 52401 Attention: Sam Kramer With a copy to: Winthrop & Weinstine, P.A. 225 South Sixth Street, Suite 3500 Minneapolis, Minnesota 55402 Attention: Holly Stocker	[$19,000,000] Permanent Loan (Bonds)

Lender	Approved Loan Amount
Cedar Rapids Bank and Trust Notice Address: Cedar Rapids Bank and Trust Company 500 First Avenue Northeast Cedar Rapids, Iowa 52401 Attention: Sam Kramer With a copy to: Winthrop & Weinstine, P.A. 225 South Sixth Street, Suite 3500 Minneapolis, Minnesota 55402 Attention: Holly Stocker	Obligations to Cedar Rapids Bank and Trust arising out of the ISDA 2002 Master Agreement and Schedule to the 2002 Master Agreement between Lessee and Cedar Rapids Bank and Trust, and related documents
City of Chandler	$415,056 HOME Loan (a "City Loan")
City of Chandler	$1,578,385 HOME ARP Loan (a "City Loan")
City of Chandler	$5,000,000 ARPA Loan (a "City Loan")
Arizona Department of Housing State of Arizona, Arizona Department of Housing 1110 West Washington Street, Suite 280 Phoenix, AZ 85007	$4,000,000 SHTF Loan