

Prepared by & Return to:
PHFA-Legal Division
211 North Front Street, P.O. Box 8029
Harrisburg, Pennsylvania 17105-8029
717-780-3846

PIN / ID Number: _____

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OPEN-END PHFA MORTGAGE AND SECURITY AGREEMENT
AND ASSIGNMENT OF LEASES AND RENTS
THIS MORTGAGE SECURES FUTURE ADVANCES

THIS MORTGAGE is made this _____ day of _____, 2009, by _____, (the "Mortgagor"), having a principal place of business at _____.

WITNESSETH:

WHEREAS, the Mortgagor has executed financing documents of even date herewith to secure the indebtedness of the Mortgagor to the PENNSYLVANIA HOUSING FINANCE AGENCY, (the "Mortgagee"), a public corporation and government instrumentality, created by and existing pursuant to the Housing Finance Agency Law, 35 P.S. Section 1680.101 et seq., as amended (the "Act"), having a mailing address of P. O. Box 8029, Harrisburg, Pennsylvania 17105-8029, in the amount of _____ Dollars (\$_____), consisting of a PHFA Note bearing even date herewith (the "Note") secured by this Open-End PHFA Mortgage and Security Agreement and Assignment of Leases and Rents.

WHEREAS, the Mortgagee has agreed to provide a loan through funds made available to Lender through the American Recovery and Reinvestment Act of 2009 ("ARRA"), Tax Credit Assistance Program ("TCAP") from the U. S. Department of Housing and Urban Development ("HUD"), which the Mortgagor desires to borrow from the Mortgagee, subject to the terms and conditions set forth herein, the requirements of the Low Income Housing Tax Credit Program set forth in Section 42 of the Internal Revenue Code, as amended, and the regulations, notices and rulings promulgated in accordance thereto, ARRA and the Tax Credit Assistance Program guidelines, as amended and modified from time to time by the U.S. Department of Housing and Urban Development, and is prepared to lend to the Mortgagor up to the full amount of the Loan to finance the construction of the Project.

WHEREAS, the Mortgagor, by the Note is indebted to Mortgagee in lawful money of the United States of America, advanced by the Mortgagee to the Mortgagor according to the terms and conditions of the Note to assist the Mortgagor in the construction and/or rehabilitation of residential rental units in _____ County, Pennsylvania (the "Project").

NOW, THEREFORE, in consideration of said indebtedness and in order to secure the punctual payment of the indebtedness of _____ Dollars

Open-End PHFA Mortgage and Security Agreement and Assignment of Leases and Rents/TCAP
Project: _____

(\$_____), in lawful money of the United States of America, which amount is payable in accordance with the terms of the Note all of which terms are incorporated herein by reference; to secure payment by the Mortgagor to the Mortgagee of all sums expended or advanced by the Mortgagee pursuant to any term or provision of this Mortgage; and to secure to the Mortgagee the repayment of the indebtedness evidenced by the Note, with interest thereon, and all renewals, extensions and modifications thereof and the performance of the covenants, terms and conditions and agreements of the Mortgagor herein contained and in a certain Note and Tax Credit Assistance Program Agreement, all of even date herewith, the Mortgagor does hereby mortgage, grant, convey and assign to the Mortgagee, its successors and assigns, this general warranty mortgage on the property located in _____ County, Pennsylvania, (the "Mortgage Premises"), being more fully described in Exhibit A, attached hereto and made a part hereof;

TOGETHER with all the right, title and interest of the Mortgagor, if any, of, in and to beds of streets, alleys, passages, ways, roads, avenues, waters, watercourses, rights, liberties, privileges, and any easements appurtenant to the said Mortgage Premises; and

TOGETHER with any and all structures, buildings, and improvements now or hereafter erected or placed thereon and replacements thereof and additions thereto, now or at any time hereafter acquired, constructed, erected, installed or placed in or upon the Mortgage Premises and any and all appurtenances and fixtures; and

TOGETHER with all building materials and equipment located on the Mortgage Premises and intended to be incorporated in the Project or other improvements; and

TOGETHER with all of the goods, equipment, furnishings, furniture, fixtures, chattels and articles of personal property, including, without limitation, all building materials and supplies, furnaces, boilers, oil burners, refrigeration, venetian blinds, dishwashers, kitchen cabinets, mirrors, mantels, drapes, disposals, vanities, curtain rods, washer/dryer hook-ups, rangehoods, fire-prevention and fire-extinguishing apparatus, ventilating, air-cooling and air-conditioning apparatus, elevators, laundry, and sprinkler systems, awnings, screens, window shades, motors, dynamos, incinerators, plants and shrubbery, and all other equipment, machinery, appliances, fittings and fixtures, whether personal property, inventory or fixtures, whether now owned or hereafter from time to time acquired by the Debtor, (provided that "equipment" shall not include removable machinery, apparatus, equipment, fittings, fixtures, and articles of personal property owned by and used in the business of a commercial tenant whether the same are annexed to the Mortgage Premises or not, unless the same are also used in the operation of any structure located therein, and shall not include laundry facilities or cable television equipment), together with all substitutions, replacements, additions, attachments, accessories, accretions, their component parts thereto or thereof, including all other items of like property or interest and all accounts and contract rights covering or relating to any or all thereof, whether now in existence or hereafter arising, and relating to, situated or located on, used or usable in connection with or necessary to the operation of the Mortgage Premises. It is understood and agreed that all equipment is part and parcel of the Mortgage Premises and appropriated to the use of the Mortgage Premises and, whether affixed or annexed or not, shall, for the purpose of this Mortgage, be deemed conclusively to be real estate and mortgaged thereby. The Mortgagor agrees to execute, acknowledge and deliver, from time to time, such further instruments as may be necessary to confirm and protect the lien of this Mortgage on any equipment, under the provisions of the Uniform Commercial Code or otherwise, and this Mortgage shall also be considered to be and shall be construed as a security agreement; and

TOGETHER with all revenues to be derived from the aforesaid properties, including, without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any of the monies, income, issues, profits and other amounts derived therefrom, whether payable as rent or otherwise, to bring action and proceedings in connection therewith or for the enforcement thereof and to do any and all things which the Mortgagor is entitled to do with respect thereto; and

TOGETHER with all monies and securities from time to time set aside hereunder and any and all real or personal property of any name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the Mortgagor or anyone on its behalf or with its written consent; and

TOGETHER with any and all award and awards heretofore made and hereafter to be made by any federal, state, local or other entity having the power of eminent domain, to the present and all subsequent owners of the Mortgage Premises herein described (including any award or awards for any change or changes of grade of streets affecting the Mortgage Premises).

TO HAVE AND TO HOLD the Mortgage Premises to and for the only proper use of the Mortgagee, its successors and assigns forever; and

PROVIDED ALWAYS, NEVERTHELESS, that if the Mortgagor punctually pays to the Mortgagee the Mortgage Loan or other indebtedness, and all other fees, charges and amounts whether referred to in the provisions, covenants and terms of this Mortgage or the Note in the manner and at the time or times therein provided for, without deduction, defalcation, fraud or delay, then and from thenceforth this Mortgage, and the estate hereby conveyed, shall cease, terminate and become null and void.

ARTICLE I
REPRESENTATIONS AND WARRANTIES

Until the entire indebtedness and other fees, charges and amounts referred to in the Note are fully paid, the Mortgagor represents and warrants to the Mortgagee as follows:

A. The Mortgagor is and shall continue to be duly organized and existing under the provisions of the law of the Commonwealth of Pennsylvania as the type of entity it represents itself to be authorized to perform the activities contemplated by the project financing and that the Mortgagor has filed with the Mortgagee a true and complete copy of its organizational documents including but not limited to, as applicable, certificate of incorporation and certificate of limited partnership with all requisite State filings and with all amendments thereto.

B. To the best of its knowledge and belief, all statements including but not limited to those made by the Mortgagor, Mortgagor's Counsel, Contractor and Architect contained in all applications, correspondence or other materials delivered to the Mortgagee in connection with its consideration of the proposed Mortgage Loan to the Mortgagor or relating to the Project were true and correct when made by the aforementioned parties.

C. This Mortgage creates a security interest in the property included in the Mortgage Premises and referred to in the attached Exhibit A, and constitutes a security agreement under the Uniform Commercial Code and the Mortgagor has and shall continue to have a good and marketable title to the

Mortgage Premises. The Mortgagor shall execute, file and refile such financing statements or other security agreements in form and content satisfactory to the Mortgagee from time to time upon request from the Mortgagee with respect to property included in the Mortgage Premises.

D. The execution and delivery of this Mortgage and the Note and the performance or observance of the Mortgagor's obligations thereunder have been duly authorized by the Mortgagor, do not and will not conflict with or result in a breach of any of the terms, conditions or provisions of the partnership agreement or articles of incorporation and bylaws, as applicable, pursuant to which the Mortgagor has been organized and is existing, or of any law or any regulation, order, injunction or decrees of any court or governmental instrumentality, or of any agreement or instrument to which the Mortgagor is now a party or is subject, or constitute a default thereunder, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Mortgagor pursuant to the terms of any such agreement or instrument.

E. At the time of execution of this Mortgage, or prior thereto, the Mortgagor has acquired title in fee or a leasehold estate extending for at least twice the term of this Mortgage to the Mortgage Premises described on Exhibit A subject only to such exceptions as have been disclosed in the title policy to the Mortgagee and approved by the Mortgagee, and which will not materially interfere with or impair the beneficial use of the Mortgage Premises for purposes of the Project and the Mortgagor warrants generally title to the Mortgage Premises to the Mortgagee, its successors and assigns.

F. No event has occurred and no condition exists which constitutes an Event of Default under this Mortgage or which, but for a requirement of notice or lapse of time, or both, would constitute such an Event of Default.

G. The Mortgagor has not, within thirty (30) days prior to the date hereof, executed a purchase money mortgage upon the real estate described herein.

ARTICLE II COVENANTS

The Mortgagor and the Mortgagee agree as follows:

A. PAYMENT OF PRINCIPAL. The Mortgagor shall timely pay when due the principal on the indebtedness evidenced by the Note, any late charges provided in the Note, and all other sums secured hereby, as herein provided, in accordance with the terms and conditions of the Note bearing even date herewith.

B. LOAN DOCUMENTS. The Mortgagor shall comply with all of the covenants, terms and conditions of this Mortgage, the Note, the Tax Credit Assistance Payment Agreement, the Indenture of Restrictive Covenants for Low Income Housing Tax Credits and all other loan documents and TCAP requirements (the "Loan Documents"), the provisions of which are incorporated herein, made a part hereof and secured by this Mortgage.

C. LIENS. The Mortgagor has not and will not voluntarily create or permit to be created against the Mortgage Premises any lien or liens inferior or superior to the lien of this Mortgage, with the exception of the liens identified in the title insurance commitment and policy issued to Mortgagee in connection with this Loan, and further the Mortgagor will keep and maintain the Mortgage Premises free from the claim of all persons supplying labor and materials which will enter into the construction and/or

rehabilitation of any and all buildings now being erected or to be erected on the Mortgage Premises. The Mortgagor shall discharge any prior liens now or hereafter assessed or levied against the Mortgage Premises or any part thereof or any liens the foreclosure of which may result in loss or forfeiture of any of the property subject to this Mortgage. The Mortgagor shall provide to the Mortgagee's satisfaction proof of such payments or discharge. In the event of a failure in the payment or discharge thereof, the Mortgagee may declare an Event of Default or it shall be lawful for the Mortgagee, without notice or demand to the Mortgagor, to pay or discharge the same and any amounts so paid, together with interest at the highest rate then in effect, shall be a lien on the premises from the date of such payment, anything contained herein or elsewhere to the contrary notwithstanding.

D. COMPLIANCE WITH ALL MORTGAGE LOAN DOCUMENTS. The Mortgagor shall comply with all of the covenants, restrictions, terms and conditions set forth in this Mortgage, the Note, the Indenture of Restrictive Covenants for Low Income Housing Tax Credits and Tax Credit Assistance Program and the Tax Credit Assistance Payment Agreement, all of even date herewith, the respective provisions of which are incorporated herein and made a part hereof, as well as all applicable requirements of the Mortgagee's rules, regulations and guidelines relating to low-income housing projects. Should any default be made by the Mortgagor in any of the terms and conditions or provisions of such documents, such default shall at the Mortgagee's sole option, constitute an Event of Default hereunder.

E. TAXES AND OTHER CHARGES. The Mortgagor agrees to pay all amounts required for taxes, water and sewer rents, utilities, fees, and other similar claims and liens assessed or which may be assessed against the Mortgage Premises or any part thereof, and all other assessments incurred against the Mortgagor or the Mortgage Premises.

F. FEES AND CHARGES. In the event the Mortgagor fails to make any payments when due and payable hereunder to the Mortgagee, the Mortgagee shall have the right to require the Mortgagor to pay as a late charge a sum equal to two percent (2%) of any such payment. This obligation shall be due and payable as part of the debt hereunder immediately upon demand.

G. MORTGAGOR NOT RELEASED. No forbearances on the part of the Mortgagee and no extension of time for the payments of the principal, interest, fees, charges and amounts hereby secured or given to the Mortgagee shall operate to release, discharge, modify, change or affect the original liability of the Mortgagor herein either in whole or in part. This section in no way obligates the Mortgagee to grant an extension or forbearance.

H. PREPAYMENTS. The Mortgagor may not make any prepayments for three years from the date hereof. Thereafter, the Mortgagor may make mortgage prepayments in accordance with the provisions of the Note.

I. TRANSFERS.

1. The Mortgagor will not, without the prior written approval of the Mortgagee, convey, transfer, assign, dispose of, or encumber any interest in the ownership of the Project, or any interest in the real property of the Project and will not permit the conveyance, transfer, assignment, disposal or encumbrance of any interest in the real property of the Project, except liens securing loans described in the Mortgagee's title insurance policy. However, the Mortgagor may, without the Mortgagee's approval:

(a) Sell limited partnership interests in the ownership of the Project of up to 99% of such owner.

(b) If the Mortgagor is a corporation, transfer less than 10%, in the aggregate, of its stock.

2. The Mortgagor further agrees that it will not, without the prior written approval of the Mortgagee:

(a) Convey, transfer, assign, dispose of, or encumber any personal property of the Project, including rents and intangibles and except for tangible property where appropriate replacements of at least equal value, free of superior title, liens and claims, are immediately made.

(b) Convey, assign, pledge, encumber or transfer any right to manage or receive the rents and profits from the Project.

(c) Remodel, add to, reconstruct, or demolish any part of the Project following completion of construction.

3. If the Mortgagor is a general or limited partnership, no general partner may be added, removed or withdrawn from the partnership without the prior written approval of the Mortgagee.

4. Notwithstanding anything to the contrary, if the Mortgagor is a limited partnership, any limited partner may sell, convey, assign or transfer limited partnership interests without the Mortgagee's approval.

J. SINGLE ASSET MORTGAGOR. Mortgagor agrees that the real and personal property of every description whatsoever comprising the Project, including repairs and replacements thereto made in accordance with the terms of the Loan Documents, shall be Mortgagor's sole asset and that Mortgagor shall not acquire any other real or personal property of any description whatsoever without obtaining Mortgagee's prior written consent, which consent may be withheld in its sole discretion.

K. ASSIGNMENTS, COMMERCIAL LEASES. The Mortgagor agrees not to (without first obtaining the written consent of the Mortgagee) assign or attempt to assign rents or any part thereof from the Mortgage Premises except as permitted by the Mortgagee, nor consent to the cancellation or surrender of any commercial lease of the Mortgage Premises or of any part thereof, now existing or hereafter to be made, nor modify any such lease so as to shorten the unexpired term thereof, or so as to decrease the amount of the rent payable thereunder, nor in any other manner impair or threaten to impair the value of the Mortgage Premises or the security of the Mortgagee for the payment of this mortgage debt.

L. ADVANCES UNDER TAX CREDIT ASSISTANCE PROGRAM AGREEMENT. (i) The Mortgagor will hold all advances under the Tax Credit Assistance Payment Agreement and secured by this Mortgage in trust to be applied only for the purpose of paying certified Project costs, unless otherwise authorized in writing by the Mortgagee. The Mortgagor will furnish to the Mortgagee within ten (10) days after the Mortgagee has made written request, a written statement acknowledging the amount advanced to the Mortgagor under the Tax Credit Assistance Program Agreement and this Mortgage and the amount then due on this Mortgage and to the best of the Mortgagor's knowledge, whether any offsets or defenses exist against the Mortgage Loan. Upon written request from the Mortgagor to the Mortgagee, the Mortgagee will provide a written statement to the Mortgagor setting forth the amount advanced under the Tax Credit Assistance Program Agreement and this Mortgage.

M. CONSTRUCTION AND MAINTENANCE. All work in connection with the construction and/or rehabilitation or repair of the Project shall be done in a good and workerlike manner. Mortgagor shall design and construct the Project in accordance with the Fair Housing Act of 1988, the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973 and all applicable codes and licensing entities. The Mortgagor shall (a) maintain the building and improvements on the Mortgage Premises in a rentable or tenantable state of repair and in good and attractive condition, reasonable wear and tear excepted; (b) promptly comply with any and all statutes, requirements, orders and decrees of any governmental entity having jurisdiction over the Mortgage Premises or the use thereof, including all health and building codes or ordinances; and (c) not commit or permit any waste of the Mortgage Premises. Should the Mortgage Premises or any part thereof require inspection, repair, care or attention of any kind or nature not provided by the Mortgagor, the Mortgagee, notwithstanding any other agreement, being thereby made sole judge of the necessity therefor, may, after notice to the Mortgagor enter or cause entry to be made upon the Mortgage Premises, and inspect, repair, protect, care for or maintain the Mortgage Premises as it may deem necessary, and may pay such sum of money as it solely deems to be necessary. A charge of five percent (5%) of such sum shall be added to and made a part of the outstanding mortgage debt secured hereby and shall be payable immediately on demand.

N. PAYMENT OF TAXES AND INSURANCE. The Mortgagor shall pay or cause to be paid the real estate taxes and hazard insurance premiums, and shall present evidence of their payment satisfactory to the Mortgagee as requested.

O. INSURANCE. The Mortgagor shall keep the improvements now existing or hereafter erected on the Mortgage Premises insured to cover all risks of physical damage or loss, and such other hazards as the Mortgagee may require and in such amounts and for such periods as the Mortgagee may require. The insurance carrier providing the insurance shall be chosen by the Mortgagor subject to approval by the Mortgagee, provided, that such approval shall not be unreasonably withheld. All insurance policies shall provide for a 30 day notice of cancellation, reduction in coverage or non-renewal to be issued to the Mortgagee. All insurance policies and renewals thereof shall be in a form acceptable to the Mortgagee and shall include a standard mortgage clause in favor of and in a form acceptable to the Mortgagee and shall also include the Mortgagee as loss payee and additional insured in a form acceptable to the Mortgagee. The Mortgagee shall have the right to hold the policies and renewals thereof, and the Mortgagor shall promptly furnish to the Mortgagee all renewal notices and all receipts of paid premiums. In the event of loss, the Mortgagor shall give prompt notice to the insurance carrier and the Mortgagee. The Mortgagee may make proof of loss if not made promptly by the Mortgagor.

Since time is of the essence under ARRA, in the event the Project is destroyed or damaged during construction and/or rehabilitation of the Project, the Mortgagee, in its sole discretion, shall determine if it is feasible to apply the insurance proceeds to restore or repair the damaged Mortgage Premises within the time frame provided under ARRA. Thereafter, unless the Mortgagee and the Mortgagor otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Mortgage Premises damaged, provided that, in the Mortgagee's opinion, such restoration or repair is economically feasible and the security of this Mortgage is not thereby impaired. If such restoration or repair is not economically feasible or if the security of this Mortgage would be impaired, the insurance proceeds shall be applied to the sums secured by this Mortgage, with the excess, if any, paid to the Mortgagor. If the Mortgage Premises is abandoned by the Mortgagor, or if the Mortgagor fails to respond to the Mortgagee within thirty (30) days from the date notice is mailed by the Mortgagee to the Mortgagor that the insurance carrier offers to settle a claim for insurance benefits, the Mortgagee is authorized to collect and apply the insurance proceeds at the Mortgagee's option either to restoration or repair of the Mortgage Premises or to the sums secured by this Mortgage.

P. CONDEMNATION. The proceeds of any award or claim for damages, direct or consequential in connection with any condemnation or other taking of the Mortgage Premises, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to the Mortgagee.

The Mortgagee is hereby authorized and empowered, jointly with the Mortgagor, to adjust or compromise the claim for, and to collect and receive the proceeds of any such award and awards from the authorities making the same, and to execute and deliver any agreements, instruments or documents necessary to effect such collection, to endorse any and all checks or drafts representing the proceeds from any such awards, to give proper receipts and acquittances therefore, and after deducting from such proceeds any expenses incurred by the Mortgagee in the collection or handling of such fund or funds, and at the option of the Mortgagee, to either apply the net proceeds as a credit upon any portion of the mortgage debt selected by the Mortgagee, whether then matured or to mature in the future, or to apply the net proceeds against operating deficits of the Project, or toward Project reserve funds, or to apply the net proceeds toward additional or improved Project amenities or the replacement or restoration of the Mortgage Premises. And, although it is hereby expressly agreed that the same shall not be necessary in any event, the Mortgagor covenants and agrees to and with the Mortgagee upon request, to make, execute, and deliver any and all assignments and other instruments sufficient for the purpose of assigning the aforesaid award and awards to the holder of this Mortgage, free, clear, and discharged of any and all encumbrances of any kind or nature whatsoever. And it is further agreed that the Mortgagee shall not be held responsible for any failure on its part to collect such award or awards, regardless of the cause of such failure. And it is further agreed that in the event the Project can be replaced or restored in whole, or in part, and the Project as so replaced or restored, in the Mortgagee's sole discretion, will produce sufficient income to meet the covenants and the obligations of the Mortgagor under this Mortgage and the Note, the Indenture of Restrictive Covenants for the Low Income Housing Tax Credits, Tax Credit Assistance Payment Agreement and Construction Contract as defined in the Tax Credit Assistance Payment Agreement, the proceeds of any such award or awards, to the extent necessary for the purpose, shall be made available to the Mortgagor in a manner determined solely by the Mortgagee for such replacement or restoration; notwithstanding any other term, the Mortgagee may require the Mortgagor to secure the approval of such replacement or restoration from any governmental authorities as may then have jurisdiction over the Project. Nothing in this paragraph shall affect the lien of this Mortgage or the liability of the Mortgagor for payment of the entire balance of this mortgage debt.

Q. ENVIRONMENTAL INDEMNIFICATION. The Mortgagor agrees to indemnify, defend and hold harmless the Mortgagee from any and all environmental liabilities, claims, damages, injuries, costs, expenses and losses, of every kind whatsoever, that are paid, incurred, suffered by or asserted against the Mortgagee, as a direct or indirect result of the presence of any hazardous substance on the Mortgage Premises or the escape, seepage, leakage, spillage, discharge, emission or release thereof on the Mortgage Premises.

ARTICLE III ASSIGNMENT OF RENTS AND LEASES

The assignment of rents, income, leases and other benefits contained herein constitutes an absolute, present and unconditional assignment of rents and leases, subject only to the conditional permission to collect the rents and enforce the tenant leases as provided more fully in this paragraph, and shall be fully operative without any further action on the part of either party, and, specifically, Mortgagee shall be entitled, at its option, upon the occurrence of an Event of Default hereunder, to all rents, income,

leases and other benefits from the Mortgage Premises, whether or not Mortgagee takes possession of the Mortgage Premises. Such assignment and grant shall continue in effect until the Mortgage Loan is paid in full and all obligations of Mortgagee under the Loan Documents have been terminated, the execution of this Mortgage constituting and evidencing the irrevocable consent of Mortgagor to the entry upon and taking possession of the Mortgage Premises by Mortgagee pursuant to such grant, whether or not foreclosure proceedings have been instituted. Notwithstanding the foregoing, so long as no Event of Default has occurred, Mortgagor shall have the right and authority to continue to collect the rents, income and other benefits from the Mortgage Premises as they become due and payable.

ARTICLE IV
EVENTS OF DEFAULT

The occurrence of any one or more of the following shall constitute an event of default hereunder (an "Event of Default"):

A. Failure of the Mortgagor to pay: (i) any principal and interest required to be paid by the Mortgagor under the Note or this Mortgage when the same is due and payable; and (ii) any other monetary payments required to be paid by the Mortgagor under the Note, this Mortgage or other loan documents of even date herewith, including, without limitation, insurance premiums, taxes, sewer rents, and reserve fund requirements. In the event a payment due by the Mortgagor under the loan documents is not received on the date it is due and payable, the Mortgagee will give the Mortgagor notice of delinquency, as provided herein. Such notice, however, shall not operate to extend the applicable grace period provided for herein.

B. Failure of the Mortgagor to comply, perform, and/or observe any non-monetary obligation set forth in this Mortgage and the Note when the performance, compliance or observation of the same is due.

C. Failure to comply with any of the covenants, terms and conditions contained within the Tax Credit Assistance Payment Agreement and the Pennsylvania Housing Finance Agency Indenture of Restrictive Covenants for Low Income Housing Tax Credits (the respective provisions of which are incorporated herein and made a part hereof as fully as if set forth herein) when compliance of the same is due or failure to comply with any of the provisions relating to TCAP, the Low Income Housing Tax Credit Program or HUD TCAP requirements in accordance with guidance issued by the Mortgagee or HUD from time to time.

D. Commencement by the Mortgagor of a voluntary case under any Chapter of the Bankruptcy Code (Title 11 of the United States Code) as now or hereafter in effect, or the taking by the Mortgagor of any equivalent or similar action by filing of a petition or otherwise under any other federal or state law in effect at the time relating to bankruptcy or insolvency, or the filing of a petition against the Mortgagor under any Chapter of the Bankruptcy Code (Title 11 of the United States Code) as now or hereafter in effect, or the filing of a petition seeking any such equivalent or similar relief against the Mortgagor under any other federal or state law in effect at the time relating to bankruptcy or insolvency, or the making by the Mortgagor of a general assignment for the benefit of any of its creditors, or the appointment of any receiver, trustee, custodian or similar officer for the Mortgagor or for the property of the Mortgagor and the failure by the Mortgagor to secure the discharge of such involuntary petition, receiver, trustee, custodian or similar officer within sixty (60) consecutive days from the date of the filing of such involuntary petition or of their appointment.

E. Any representation or warranty made by the Mortgagor in any Loan Document or in any other instrument which pertains to this Mortgage proves to be incorrect, now or hereafter, in any material respect.

F. Any improvement is substantially damaged or destroyed by an uninsured casualty.

G. The occurrence of any other event which by any other provision of any of the loan documents may be declared an Event of Default in the Loan Documents.

H. The occurrence of an event of default under any or all of the ancillary funding documents or obligations secured by the Mortgage Premises.

I. Mortgagor fails to construct or rehabilitate, whichever is applicable, the Project in accordance with Loan Documents, drawings and specifications, construction contract and all other construction related documents and requirements.

J. Mortgagor fails to maintain the Project as affordable rental housing in accordance with Section 42 of the Internal Revenue Code (the federal Low Income Housing Tax Credit Program).

ARTICLE V
NOTICE OF EVENT OF DEFAULT AND GRACE PERIOD

A. If the Event of Default consists of failure to pay money when due, Mortgagee shall not be obligated to provide notice of the Event of Default or a grace period to cure the Event of Default.

B. If the Event of Default consists of something other than the failure to pay money, prior to Mortgagee exercising any remedies under Article IV hereof, Lender may provide notice to Mortgagor and a grace period that shall be thirty (30) days from the date on which the notice is given or, if the Event of Default cannot be cured within the said thirty (30) day period and delay in the exercise of a remedy would not (in the Mortgagee's sole judgment) cause any material harm to Mortgagee, the security of Mortgagee's Mortgage or any of the Mortgage Premises, the period required to cure the Event of Default will be extended by Lender, in its sole discretion, provided that the Mortgagor shall commence to cure the Event of Default within the said thirty (30) day period and actively, diligently and in good faith proceed with and continue the curing of the Event of Default.

C. Additionally, no notice or grace period shall be required in any one or more of the following events: (1) a tax sale of any of the Mortgage Premises could be held within forty-five (45) days; (2) any insurance policy might expire or terminate within 30 days; (3) damage to any of the Mortgage Premises will, in the Mortgagee's sole judgment, probably occur unless a remedy is exercised promptly; (4) the occurrence of an Event of Default under paragraph (D) or (F) of Article IV; (5) any of the Mortgage Premises is levied upon or about to be sold; or (6) an Event of Default is such that any delay in the exercise of a remedy by the Mortgagee could reasonably be expected to cause irreparable harm to the Mortgagee or to the security afforded by this Mortgage as determined by the Mortgagee in its sole discretion. Nothing contained herein shall be construed to require the Mortgagee to give any notice of an Event of Default or allow any grace period before exercising any remedy under any other article of this Mortgage, except as provided in this Article V, or before imposing any late charges and fees provided in the Note.

ARTICLE VI
ACTIONS IN THE EVENT OF DEFAULT

A. Upon the Event of Default under this Mortgage and after expiration of any applicable grace period in respect thereof: (1) the entire principal amount of the Note, all interest thereon, and all other sums secured hereby, then unpaid, shall then become due and payable, at the option of the Mortgagee, without further notice or demand; (2) the Mortgagee may take possession of the Mortgage Premises; and (3) the Mortgagee may exercise any or all rights, powers and remedies provided hereunder or under the Note or which may otherwise be available to the Mortgagee by law or contract, including, without limitation, the right to institute an action in foreclosure and the right to issue a complaint on this Mortgage and prosecute it to judgment, execution and sale for the collection of the whole amount of the principal debt of the Note, all interest thereon, and any other sums secured hereby, remaining unpaid, together with all fees, costs and expenses of such proceeding, including attorneys' fees. All errors in such proceeding, together with stay of, or exemption from, execution, or extension of time of payments which may be given by any act or acts of Assembly now in force or which may be enacted or by any custom or usage, are hereby forever waived and released.

B. Upon the occurrence of an Event of Default (whether or not any required notice has been given or any applicable grace period has elapsed), Mortgagee may immediately recapture any funds disbursed, to date, to the Mortgagor and any and all Loan proceeds not yet disbursed hereunder.

C. If the Mortgagee retains the services of counsel by reason of any default hereunder or under the Note, reasonable attorneys' fees, but in no event less than the sum of One Thousand Dollars (\$1,000.00), shall become due and payable and shall be secured hereby. If the Mortgagee shall institute legal proceedings to foreclose this Mortgage or enter judgment on the Note, the Mortgagor shall pay all expenses, including attorneys' fees, of the Mortgagee in connection with all such proceedings, whether or not otherwise legally chargeable to the Mortgagor, together with interest, on any judgment obtained by the Mortgagee from the date of any Sheriff's sale until actual payment is made by the Sheriff of the full amount due the Mortgagee.

D. It is further agreed that the holder of this Mortgage, in any action to foreclose, as the Attorney-in-Fact of the Mortgagor or the then owner of the Mortgage Premises, shall thereupon be clothed with and shall possess all the powers, rights, remedies and authority of the Mortgagor or of the then owner of the Mortgage Premises, and as the landlord of the Mortgage Premises with power to eject or dispossess tenants and to rent or lease any portion or portions of the Mortgage Premises, and the then owner of the Mortgage Premises shall, on demand, surrender possession of the Mortgage Premises to the holder of this Mortgage and the said holder may enter upon the Mortgage Premises and rent or lease the same on any terms approved by it and may collect the rents therefrom which are due or become due and may apply the same, after payment of all charges and expenses, including the making of repairs which in said holder's judgement may be necessary, on account of the indebtedness secured by this Mortgage, and rents and all leases existing at the time of such default are hereby automatically assigned to the holder of this Mortgage as further security for the payment of said indebtedness.

In the Event of Default, the holder of this Mortgage, by virtue of such right to possession or as the agent of the then owner of the Mortgage Premises, may dispossess by legal proceedings or other legally available means any tenant defaulting in the payment to the holder of this Mortgage of any rent, and the Mortgagor hereby irrevocably appoints the holder of this Mortgage its agent for such purposes. In the event that the then owner of the Mortgage Premises is the occupant of any part of Mortgage Premises,

upon request of said holder, such occupant agrees to surrender possession of the Mortgage Premises to the holder of this Mortgage immediately following any default hereunder.

The Mortgagor makes these covenants for itself and for any subsequent owner of the Mortgage Premises and these covenants shall become effective immediately after the happening of any such Event of Default solely on the determination of the then holder of this Mortgage, who shall give notice of such determination to the then owner of the Mortgage Premises. In the case of foreclosure and the appointment of a receiver of rents, the covenants herein contained shall inure to the benefit of such receiver, who may be appointed as a matter of right and without notice and without regard to the adequacy of any security for the debt, with power to collect rents, issues and profits of the Mortgage Premises, due and becoming due during the pendency of such foreclosure suit, such rents and profits being hereby expressly assigned and pledged as additional security for the payment of the indebtedness secured by this Mortgage. The Mortgagor for itself and any subsequent owner hereby waives any and all defenses to the application for a receiver and hereby specifically consents to such appointment without notice, but nothing herein contained is to be construed to deprive the holder of this Mortgage of any other right, remedy, or privilege it may now have under the law to have a receiver appointed. The provision for the appointment of a receiver of the rents and profits, and the assignment of such rents and profits, is made an express condition hereof and all remedies herein provided for shall be deemed to be cumulative and in addition to, and not in limitation of, those provided by law or equity.

E. It is also agreed that, for the purpose of procuring possession of the Mortgage Premises to the Mortgagee in the Event of Default herein, the Mortgagor, for the Mortgagor and for the successors and assigns of the Mortgagor, does hereby authorize and empower any attorney of any court as attorney for the Mortgagor, and for the successors or assigns of the Mortgagor, to sign an agreement for entering in any competent court an amicable action or judgment in ejectment, without any stay of execution, against the Mortgagor, or the successors or assigns of the Mortgagor and for the recovery by the Mortgagee of possession of the Mortgage Premises. In any such action, this Mortgage or copy thereof, verified by affidavit, shall be a sufficient warrant of attorney. Thereupon, a writ of possession may issue forthwith without any prior writ or proceeding whatsoever. It is hereby expressly agreed that if for any reason after such action has been commenced, the same shall be discontinued, marked satisfied of record or be determined, or possession of the Mortgage Premises shall remain in or be restored to the Mortgagor, or the successors or assigns of the Mortgagor, the Mortgagee shall have the right, for the same Event of Default or in the event of any subsequent Events of Default, to bring one or more further amicable actions in the manner hereinbefore set forth to recover possession of the Mortgage Premises.

F. In case of sale under foreclosure or confession of judgment, the Mortgage Premises may be sold in one (1) or more than one (1) parcel.

ARTICLE VII REMEDIES CUMULATIVE

All covenants, conditions and remedies of this Mortgage shall be construed as affording to the Mortgagee rights and remedies additional to, and not exclusive of, any and all other rights and remedies conferred by law or equity.

ARTICLE VIII
FORBEARANCE NOT A WAIVER

Any forbearance by the Mortgagee or any subsequent holder of the Note and this Mortgage to exercise, in one or more instances, any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or operate to preclude the exercise of any such right or remedy.

ARTICLE IX
ATTORNEY'S FEES

If any action or proceeding be commenced (except an action to foreclose this Mortgage or to collect this mortgage debt) to which the Mortgagee is made a party, or in which it becomes necessary to defend or uphold the lien of this Mortgage, all reasonable sums paid by the Mortgagee including but not limited to litigation expense to establish or define the rights under or lien of this Mortgage (including reasonable attorney's fees and costs) shall be paid by the Mortgagor, together with interest, at the rate of five percent (5%), and any such sum or sums and the interest thereon shall be a further lien on the Mortgage Premises and secured by this Mortgage.

ARTICLE X
WAIVER OF STATUTE OF LIMITATIONS

The Mortgagor hereby waives the right to assert any statute of limitations as a bar to the enforcement of the lien of this Mortgage or to any action brought to enforce the Note or any other obligation secured by this Mortgage.

ARTICLE XI
WAIVER OF MARSHALLING

Notwithstanding the existence of any other security interests in the Mortgage Premises held by Mortgagee or by any other party, Mortgagee shall have the right to determine the order in which any or all of the Mortgage Premises shall be subjected to the remedies provided herein. The Mortgagee shall have the right to determine the order in which any or all portions of the indebtedness secured hereby are satisfied from the proceeds realized upon the exercise of the remedies provided herein. The Mortgagor, any party who consents to this Mortgage and any party who now or hereafter acquires a security interest in the Mortgage Premises and who has actual or constructive notice hereof hereby waives any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein.

From time to time as the Mortgagee deems necessary to protect the Mortgagee's interests, the Mortgagor shall, upon request of the Mortgagee, execute and deliver to the Mortgagee, in such form as the Mortgagee shall direct, assignments of any and all rights or claims which relate to the maintenance or operation of the Mortgage Premises and which the Mortgagor may have against any party supplying or who has supplied labor, materials or services in connection with maintenance or operation of the Mortgage Premises. In case of violation by the Mortgagor of the covenants and conditions of the PHFA Regulatory Agreement, the Mortgagee, at the Mortgagee's option, with or without entry upon the Mortgage Premises, (a) may invoke any of the rights or remedies provided in the PHFA Regulatory Agreement, (b) may accelerate the sums secured by this Mortgage and invoke any remedies provided in this Mortgage, or (c) may do both. The PHFA Regulatory Agreement shall cease to be a part of this Mortgage only upon full satisfaction duly noted in the records of the applicable recording office in

_____ County, and the Mortgagor shall not assert any right of set-off, counterclaim or other claim or defense arising out of or in connection with the PHFA Regulatory Agreement against the obligations of the Note and this Mortgage.

ARTICLE XII
ASSETS OF MORTGAGOR PLEDGED TO REPAY DEBT

Until the Project is cost certified by the Mortgagee and placed in service under Section 42 of the Internal Revenue Code, the Mortgagee may pursue any asset of the Mortgagor (but not against the individual partners of the Mortgagor unless directed by the U.S. Department of Treasury) to secure repayment of the indebtedness

Thereafter, notwithstanding anything to the contrary contained herein, neither Mortgagor nor any of its partners shall have any personal liability for the payment of all or any part of the Mortgagor's obligations hereunder with the exception of the payment of all fees and expenses incurred by Mortgagee upon the occurrence of an Event of Default under the Note, this Mortgage or other Loan Documents as provided therein, and for payment over to Mortgagee of all rents and other proceeds of operation of the Development to the extent of the obligations herein set forth. The Mortgagee shall look solely to the Mortgage Premises for satisfaction of the outstanding indebtedness and interest thereon. Except for the foregoing limitation as to liability of the Mortgagor for the payment of the indebtedness secured hereby, the Mortgagor acknowledges and agrees to be bound by all the covenants contained or incorporated herein. Subject to the foregoing, the Mortgagor acknowledges and agrees that the Mortgagee may prosecute any suit necessary to satisfy the indebtedness on the Mortgage Premises and on any improvements, fixtures and equipment located thereon or used or usable in connection with the operation of the Development.

ARTICLE XIII
MORTGAGEE NOT JOINT VENTURER

The Mortgagee is not and nothing contained within this instrument shall be construed to constitute the Mortgagee the partner or joint venturer of the Mortgagor with respect to the Project or any aspect thereof.

ARTICLE XIV
CHOICE OF LAW, SEVERABILITY, CONTROLLING DOCUMENT

This Mortgage shall be governed by the laws of the Commonwealth of Pennsylvania. The invalidity of any clause, part or provision of this Mortgage shall not affect the validity of the remaining portions thereof. In the event of conflict in the terms and provisions of this mortgage and any other loan document of even date herewith, the provisions of this Mortgage shall be deemed controlling.

ARTICLE XV
SUCCESSORS AND ASSIGNS

Unless the context indicates otherwise, the word "Mortgagee" herein shall be deemed and construed to include successors and assigns of the Mortgagee and the word "Mortgagor" herein shall be deemed and construed to include the respective heirs, executors, administrators, successors and assigns of the Mortgagor; and in the event there is more than one party named herein as a Mortgagor, the word "Mortgagor", whenever occurring herein shall be deemed and taken to be the plural and all the covenants,

waivers, warrants, promises and releases by, and obligations or liabilities imposed upon the Mortgagor shall bind them jointly and severally and its, his, her and their and each of their respective heirs, executors, administrators, successors and assigns.

ARTICLE XV
OPEN-END MORTGAGE

This Mortgage is an advance money mortgage and shall be entitled to the lien priority and all benefits of an "open end" mortgage under 42 Pa. C.S.A. § 8143, et seq.

IN WITNESS WHEREOF, with intent to be legally bound hereby, the Mortgagor has caused this Mortgage to be executed and witnessed (attested) on the day and year first above written.

WITNESS (ATTEST)

a _____

By: _____,
a Pennsylvania _____,
Its _____

_____ By: _____

COMMONWEALTH OF PENNSYLVANIA :
: SS:
COUNTY OF _____ :

On this, the _____ day of _____, 2009, before me, the undersigned officer, personally appeared _____ who being sworn according to law, deposes and states that s/he is the _____ of _____, a Pennsylvania _____, _____ of _____, a Pennsylvania _____, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he, being authorized to do so, executed the same for the purpose therein contained, and desires the same to be recorded as such.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

I hereby certify that the principal place of business and complete post office address of the within-named Mortgagee is, and after recordation this Mortgage should be returned to:

Pennsylvania Housing Finance Agency
Legal Division
P. O. Box 8029
Harrisburg, Pennsylvania 17105-8029

By: _____
Attorney for Mortgagee

Commonwealth of Pennsylvania :
: SS:
County of _____ :

Recorded on this ____ day of _____, 2009, in the Office of the Recorder of Deeds in and for said County, in Mortgage Book Volume _____, Page _____.

Recorder of Deeds