



AGENDA AND NOTICE

Board of Commissioners Meeting
Tuesday, July 24, 2018



**Spartanburg Housing Authority Regular Board Meeting
Tuesday, July 24, 2018
04:00 P.M.**

NOTICE

The Housing Authority of the City of Spartanburg will hold its regularly scheduled Board of Commissioner's meeting at 04:00 P.M. Tuesday, July 24, 2018, in the Executive Board Room at the Spartanburg Housing Authority offices, located at 2271 S. Pine St., Spartanburg, S.C., 29302.

AGENDA

CALL MEETING TO ORDER

I. Moment of Silence

II. Roll Call

III. Approval of Agenda

IV. Approval of Minutes:

- a. Special Board Meeting June 20, 2018
- b. Regular Board Meeting, June 26, 2018

V. Commission Comments

VI. Public/Staff Comments

VII. Information Items:

- a. Public Auction Results – Tyrone Meadows
- b. Letter from the US Department of Housing and Urban Development
 - 1. Audit Review for Fiscal Year Ended September 30, 2017
- c. SHA Bank Account Review

VIII. Action Items and Resolutions

- a. Resolution #2018-31- 3rd Quarter Bad Debt Write-offs
- b. Resolution #2018-32 – Award General Contractor Contract
- c. Resolution #2018-33 – Approval of Master Development Agreement and Predevelopment Loan Agreement and Camp Croft Predevelopment Budget, Note, Assignment -- NHP
- d. Resolution #2018-34 - Approval of Updated Utility Allowance
- e. Resolution #2018-35 – Project Based Voucher Waiting List Preference
- f. Resolution #2018-36 – Emergency Grant Resolution
- g. Resolution #2018-37 - Equity Resolution

IX. Monthly Reports

- a. CEO Report – Terril Bates
- b. Finance Report – Angela Leopard
- c. SHA Program Dashboard
 - 1. Asset Management – Jessica Holcomb
 - 2. Capital Fund and Development – Joseph Jackson
 - 3. Housing Choice Voucher – Tiffany Askew

X. Adjournment



**Approval of Minutes –
Special Board Meeting
June 20, 2018**

**Board of Commissioners Meeting
Tuesday, July 24, 2018**



**MINUTES OF THE SPECIAL MEETING OF THE COMMISSIONERS
THE HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
SPARTANBURG, SOUTH CAROLINA
June 20, 2018**

MEETING CALLED TO ORDER: The meeting was held in the Executive Board Room of the Spartanburg Housing Authority, 2271 South Pine Street, Spartanburg, SC 29302.

PRESENT: Matthew Myers, Brenda Thomas, Charmayne Brown and Charles White

ABSENT: John Fairey, Molly Talbot-Metz, and Andrew Poliakoff

INTRODUCTION OF GUESTS

Introduced as guests of the Special Board Meeting included Mansur Abdul-Malik, National Housing Partnership (NHP) Foundation Representative and Bo Campbell, Horton Law Firm.

INFORMATION ITEM: PRE-DEVELOPMENT LOAN AGREEMENT

Terril Bates asked for a high-level discussion regarding the predevelopment loan agreement and shared that up to 50% of the total costs would be advanced by SHA. These costs, as explained by Mansur Abdul-Malik of NHP, includes third party reports such as environmental reports, various surveys that may have to be obtained, and design work from the architect, to name a few. These types of expenses would be incurred before the closing of the project and are necessary in determining that the project can be built based on the concept. Likewise, the predevelopment work would help to identify potential challenges and to flush out the development concept to see what actually needs to be executed.

Terril Bates noted that the data gathered would become the property of SHA and would be part of the permanent record. If SHA is able to move the project along and obtain loan approval, the fees are paid back through the first closing. If SHA was not able to obtain approval for the project, the predevelopment activities would be considered an investment. NHP pays for half of the costs, and SHA pays the other half and its money that's advanced until first closing.

Chairman White asked how NHP would recapture their initial expenses.

Mansur Abdul-Malik explained that NHP would recapture their initial expenses during the closing and all fees that have been paid would be reimbursed. While there is a potential risk, NHP set aside funding annually for various planning projects.

**Special Meeting of the Commissioners
Housing Authority of the City of Spartanburg
June 20, 2018
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Chairman White asked what degree of confidence NHP had regarding funding approval for the project.

Mansur Abdul-Malik expressed that the property would score very high because of its proximity to the hospital, restaurants, parks, and churches. The potential high score was also echoed by the tax credit consultant. As such, NHP is confident regarding the property's potential of obtaining the tax credits.

As indicated by Terril Bates, if the state housing finance authority does not approve the application, SHA could proceed with Archibald as a 4% if the 9% funding was not approved and find a way to obtain the \$3 million in gap funding from another source. Or SHA could reapply but unfortunately, the tax credit application process is only annually, and Victoria Gardens is scheduled for year 2019; this would push a potential Archibald 9% application to 2 years from now.

The upfront loan money comes from Capital Funds. Once the amounts are paid back, it gets defederalized and it goes into a non-federal pot of funding for SHA and the property.

Terril Bates further explained that Archibald continues to have elevator problems. As a potential solution, it was discussed that SHA would move forward with replacement of one elevator and then make adjustments in the redevelopment. The cost estimate is half a million dollars and it could be paid from the 2019 capital fund, which is not yet obligated. Additional due diligence is needed to determine if SHA is allowed to use capital funds for predevelopment activity that is a true capital repair.

As an alternative, SHA could issue its own bond for the project, similar to SHA7.

INFORMATION ITEM: MASTER DEVELOPMENT AGREEMENT (MDA)

Bo Campbell explained that the MDA is an expression of everyone's intent as to what the new partnership or LLC would look like. It includes the first right of refusal, options for the existing project, any potential adjustments that may need to be made. The MDA would be a template for Victoria Gardens, Camp Croft, Prince Hall and Archibald.

UPDATE ON ARCHIBALD TAX CREDIT APPLICATION

SHA was notified that the tax credit application received a score of 109 out of 110 points. SHA submitted an appeal to the State citing that the plans for the gazebo would yield an additional three points.

Mansur Abdul-Malik explained that there will be a separate construction contract that will

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Housing Authority of the City of Spartanburg
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address change orders and matters concerning specs and plans. There will be a set aside of 10% contingency for any unforeseen conditions. NHP is the fee developer and is totally responsible during the construction. It is designed to where once the property is stabilized, everything is all leased up and the requirements of the tax revenue investor is met, then NHP would exit and SHA would assume the guarantee on the stabilized property.

Chairman White asked about the payment of fees to NHP.

It was explained that the developer fee payment is a 50/50 split between NHP and SHA. Typically, a percentage is paid during the closing, partial completion, final completion, and final stabilization.

If everything worked out, Archibald will start construction in the latter portion of next year. Construction would take approximately 16 months and three months to stabilize. An application would be submitted for Victoria Gardens March 2019 and construction would begin late 2020. An application for 4 percent tax credits for Camp Croft would run parallel to Victoria Gardens in January 2019. Thereafter, Prince Hall would be next. Essentially, a 9 percent application would be entered into every year until 2020.

A motion to adjourn the meeting was made by Commissioner White and seconded by Commissioner Thomas. The motion was unanimously carried.

Meeting Adjourned at 1:11 pm

Respectfully Submitted,
The Housing Authority of the City of Spartanburg



**Approval of Minutes –
Regular Board Meeting
June 26, 2018**

**Board of Commissioners Meeting
Tuesday, July 24, 2018**

**MINUTES OF THE REGULAR MEETING OF THE COMMISSIONERS OF
THE HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
SPARTANBURG, SOUTH CAROLINA
JUNE 26, 2018**

MEETING CALLED TO ORDER: The meeting was held in the Executive Board Room of the Spartanburg Housing Authority, 2271 South Pine Street, Spartanburg, SC 29302.

Chairman Charles White called the meeting to order at 4:01 P.M. with a moment of silence.

MOMENT OF SILENCE: - *observed*

PRESENT: Charles White, *Molly Talbot-Metz, Andrew Poliakoff, Brenda Thomas, Charmayne Brown and Matthew Myers.

*Molly Talbot-Metz arrived at 4:15 p.m.

ABSENT: John Fairey

INTRODUCTION OF GUESTS

Introduced as a guest of the Board Meeting was Frank Scott, Executive Director from the Easley Housing Authority.

APPROVAL OF THE AGENDA:

Commissioner Myers made a motion to approve the agenda. The motion was seconded by Commissioner Thomas, and unanimously carried.

APPROVAL OF THE PREVIOUS MEETING MINUTES:

A motion to approve the minutes of the April 18, 2018 Special Board of Commission meeting was made by Commissioner White, seconded by Commissioner Myers, and unanimously carried.

A motion to approve the minutes of the April 30, 2018 Regular Board of Commission meeting was made by Commissioner White, seconded by Commissioner Poliakoff, and unanimously carried.

COMMISSION COMMENTS

Chairman White asked for the Board Members to review their calendars for a possible date where the members could meet off site for a facilitated retreat. It was suggested by Terril Bates that Doodle Poll be used to coordinate everyone's schedule. The poll would be for possible meeting dates in September, October or before Thanksgiving.

PUBLIC/STAFF COMMENTS

None

INFORMATION ITEM

Public Housing Assessment System (PHAS) Score for Interim Rule

Terril Bates gave an overview of the PHAS score for fiscal year ending September 30, 2016. SHA received a score of 76 percent which designated the Agency as a Standard Performer.

SHA Food Program

Natalie Smith provided an oral report of SHA's food program. As of Friday, June 22, 2018, SHA served 2,866 lunches, 2,395 snacks, and 471 breakfasts totaling 5,732 meals. The sites have been inspected by DHEC, USDA and the Department of Education. At the end of the week, one of the sites will complete their month and SHA will look to add another site.

The program has been feeding children from the ages of five to 18 years. In order to feed children under the age of five, their parents would have to be present. So far, the food program has been operating really well.

ACTION ITEM:

1) RESOLUTION NO. 2018-24 Revised By-Laws

Bo Campbell gave an overview of the resolution.

According to Bo Campbell, there are two issues that the board needs to consider. One is the idea of the quorum and what number of Commissioners need to be present in order for a quorum to be recognized. The second is the telephonic attendance of the meetings.

Additionally, it was pointed out by Terril Bates that as new commissioner's join, the individuals need to understand the seriousness of the connection with the former OIG findings and the obligations to complete training. Commissioner Talbot-Metz pointed out that the bylaws cover how to address individuals that violate the code of ethics and ultimately, it would fall on the board to enforce the bylaws.

Commissioner Talbot-Metz made a motion to approve the bylaws as presented by Attorney Bo Campbell and to remove the wording; due to illness, disability, or commuter delays beyond the control (subject to the city's approval). Additionally, to amend the bylaws such that the third bullet under appendix one reads, I pledge my responsibilities are to serve in this capacity as an

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Housing Authority of the City of Spartanburg
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appointed volunteer, a community leader, and an advocate for the authority, its program, and its objectives. The motion was seconded by Commissioner Myers and the motion was unanimously carried.

RESOLUTION NO. 2018-24
ADOPTED BY THE BOARD OF COMMISSIONERS OF
THE HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
June 26, 2018

2) RESOLUTION NO. 2018-25 FY2018 Budget Revision Submission

Angela Leopard provided an overview of the resolution.

The revised budget reflects changes in proration levels in calendar year 2018. Administrative fees were proposed at 70%, but the actual fee came out to 76%. Additionally, the original HAP budget had been reduced to 96% proration and it actually came out to 99.5%. As pointed out by Terril Bates, the difference would go into the reserves and the 2019 budget it will be reflected as such.

Chairman White inquired on whether the reserve funds would be subject to sweep. It was explained by Terril Bates that the funds would not be because it doesn't exceed the percentage of excess.

Commissioner Talbot-Metz made a motion to approve Resolution 2018-25. The motion was seconded by Commissioner Thomas.

Chairman White asked for a motion to approve **Resolution 2018-25**. The motion was unanimously carried.

RESOLUTION NO. 2018-25
ADOPTED BY THE BOARD OF COMMISSIONERS OF
THE HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
June 26, 2018

3) RESOLUTION NO. 2018-26 Award Annual Audit Contract

Terril Bates provided an overview of the resolution.

A recommendation is for the contract to be awarded to Rubino and Company; the highest scored vendor with the lowest price. Once awarded, the contract would be considered new as their previous contract has expired.

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Housing Authority of the City of Spartanburg
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Commissioner Thomas made a motion to approve Resolution 2018-26. The motion was seconded by Commissioner Poliakoff.

Chairman White asked for a motion to approve **Resolution 2018-26**. The motion was unanimously carried.

RESOLUTION NO. 2018-26
ADOPTED BY THE BOARD OF COMMISSIONERS OF
THE HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
June 26, 2018

4) RESOLUTION NO. 2018-27 Smoke Fee Policy

Jessica Holcomb provided an overview of the resolution.

The Smoke-Free Policy was mandated by HUD to go into effect on July 30, 2018. The policy regarding smoking means any inhaling, exhaling, burning, or carrying any lighted cigar, cigarette, pipe, or other lighted tobacco product in any manner or any form. Any prohibited tobacco products includes water pipes or hookahs. Electronic cigarettes are also included unless granted approval through a reasonable accommodation.

Chairman White inquired about any cessation assistance. Ms. Holcomb indicated that SHA is working with the American Lung Association to provide training to residents who would be interested in becoming a smoking cessation advocator. Additionally, there are no designated smoking areas on the properties.

Commissioner Talbot-Metz made a motion to approve Resolution 2018-27. The motion was seconded by Commissioner Myers.

Chairman White asked for a motion to approve **Resolution 2018-27**. The motion was unanimously carried.

RESOLUTION NO. 2018-27
ADOPTED BY THE BOARD OF COMMISSIONERS OF
THE HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
June 26, 2018

5) RESOLUTON NO. 2018-28 Lease and Community Rules

Jessica Holcomb provided an overview of the resolution.

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The minor changes to the lease and the community rules includes revisions to the bylaw policy and the Violence Against Women's Act (VAWA). Under the new VAWA, more rights are given to those that are victims and language changed from "and" to "or" in some instances as well as the inclusion of nonsexual assault or stalking.

Commissioner Myers made a motion to approve Resolution 2018-28. The motion was seconded by Commissioner Brown.

Chairman White asked for a motion to approve **Resolution 2018-28**. The motion was unanimously carried.

RESOLUTION NO. 2018-28
ADOPTED BY THE BOARD OF COMMISSIONERS OF
THE HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
June 26, 2018

6) RESOLUTION NO. 2018-29 ACOP

Jessica Holcomb provided an overview of the resolution.

Terril Bates added that the timing of the policy changes has to do with the annual and five year plan that has to be submitted to HUD. Likewise, because these are all policies, the board is required to approve any changes in policy.

Commissioner Myers pointed out that the wording in the policy changed from hearing impaired to deaf. Terril Bates explained that the new Director of the Department of Mental Health shared that people who experience losses of hearing are correctly to be called deaf, not hearing impaired.

Commissioner Myers also asked for clarity in the description of a family. Ms. Holcomb shared that the language regarding family comes from the 24 Code of Federal Regulations.

Commissioner Thomas made a motion to approve Resolution 2018-29. The motion was seconded by Commissioner Brown.

Chairman White asked for a motion to approve **Resolution 2018-29**. The motion was unanimously carried.

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Housing Authority of the City of Spartanburg
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RESOLUTION NO. 2018-29
ADOPTED BY THE BOARD OF COMMISSIONERS OF
THE HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
June 26, 2018

7) RESOLUTION 2018-30 Approval of Annual and Five-Year Plan

Terril Bates gave an overview of the resolution.

The Annual and Five Year Plan was previously reviewed in a prior meeting. The resolution also includes the certification by the city manager, the sign in sheet for the resident advisory board meeting and the comments that were received during the resident advisory board meeting.

Commissioner Talbot-Metz made a motion to approve Resolution 2018-30. The motion was seconded by Commissioner Poliakoff.

Chairman White asked for a motion to approve **Resolution 2018-30**. The motion was unanimously carried.

RESOLUTION NO. 2018-30
ADOPTED BY THE BOARD OF COMMISSIONERS OF
THE HOUSING AUTHORITY OF THE CITY OF SPARTANBURG
June 26, 2018

MONTHLY REPORTS:

1. Chief Executive Office (Terril Bates):

The CEO Report provided details for the months of April and May 2018.

2. Finance (Angela Leopard):

Angela Leopard presented the Finance Report and discussed the highlights.

Commissioner Talbot-Metz inquired on whether the finance committee was still meeting regularly. Chairman White answered that the meetings were still occurring, and that a meeting was held just last month. Additionally, the meeting conversations surrounds RAD and not strictly finances.

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It was pointed out that there are scattered site homes that are offline. Terril Bates indicated that the homes that are occupied are being sold to residents and vacant homes requires a high level of expenses to repair.

Chairman White inquired about elevators and the use of capital fund.

Terril Bates revealed that HUD did response to the Agency's question regarding the use of predevelopment loan funds for the elevators. HUD response is that the RAD money and capital and predevelopment funds are for soft costs only, so SHA could not use them for the elevators. However, there is state emergency money available and an application will be submitted to request emergency funding of approximately \$500,000.

3. Program Dashboard:

Tiffany Askew presented an overview of the Housing Choice Voucher dashboard. An application was submitted for 500 mainstream vouchers and HCV is currently working on the application for the Family Unification Program (FUP) vouchers. The FUP application is due July 24, 2018 and it will take approximately 120 days before a decision is made. A hundred vouchers were also recently issues; in time for people to move before school starts.

EXECUTIVE SESSION

A motion was made by Commissioner White to enter Executive session, a second was made by Commissioner Talbot-Metz. Executive session was entered into at 5:35 PM

Executive session ended at 6:10 P.M. A motion to end Executive session and return to the Regular Meeting and was made by Commissioner Talbot-Metz with a second by Commissioner Myers. The motion was unanimously approved.

A motion was made by Commissioner Talbot-Metz to approve at 3.5% salary increase and a bonus outlined in Terril Bates employment contract retroactive to the beginning of June 2018. The motion was seconded by Commissioner (Unknown) and unanimously approved.

Terril Bates expressed her appreciation.

Commissioner Myers made a motion to adjourn the meeting. The motion was seconded by Commissioner (inaudible) and the motion was unanimously carried.

Meeting Adjourned at 6:37 P.M.

Respectfully Submitted,
The Housing Authority of the City of Spartanburg



Information Items:

1. Public Auction Results
2. Audit Review Letter
3. SHA Bank Account Review

**Board of Commissioners Meeting
Tuesday, July 24, 2018**



July 24, 2018

**The Housing Authority of the City of Spartanburg
Spartanburg, SC 29302**

HONORABLE MEMBERS IN SESSION:

SUBJECT:

INFORMATION ITEM

Disposition of Vehicle and Electrical Appliances by Public Auction

CONTACT PERSON:

Tyrone Meadows
Special Projects Supervisor
864-598-6123

BACKGROUND:

The Board of Commissioners approved Resolution 2018-18 to disposition of property.

RESULTS:

Description of Item	Qty.	Reserve	Bid Price	Selling Price
1 Lot of various Electronic / Computer Equipment	1	500.00	1000.00	1075.00
1 Lot of Various IT Network Equipment	1	2640.00	500.00	537.50
1 Lot of Landscape Equipment	1	1888.97	1888.97	2029.60
1 Lot of Pianos (3)	1	20.00	20.00	25.00
1 Appliance (1 single A/C Unit)	1	-	25.00	25.00

Total Revenue collected from the sale of items were \$3433.97

Note: A 7.5% administration fee applied to each item sold to cover fees/services by Gov. Deals. The buyer(s) paid the administration fees, which was in-turn released to Gov. Deals by SHA in the amount totaling \$259.10



U. S. Department of Housing and Urban Development

South Carolina State Office
Simon Townsend Federal Building
1835 Assembly Street
Columbia, South Carolina 29201-2480

July 6, 2018

Ms. Terril Bates
Chief Executive Officer
Spartanburg Housing Authority
2271 South Pine Street
Spartanburg, South Carolina 29302

Dear Ms. Bates:

Subject: Spartanburg Housing Authority
Audit Review for Fiscal Year Ended September 30, 2017

This letter is to acknowledge receipt of the Spartanburg Housing Authority Audit Report prepared by Rubina and Company for the fiscal year ended September 30, 2017. We are pleased to note that the report contained no audit findings or questioned costs; therefore, a response is not required. However, the S.C. Public Housing Program Center may complete a separate financial analysis of your PHA.

If you have any questions or concerns pertaining to this letter, please contact Randy Dyal at (803) 765-5312 or Bernard.R.Dyal@hud.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Eric Bickley", is written over a horizontal line.

Eric Bickley
Director
Public Housing Program Center

July 24, 2018

**The Housing Authority of the City of Spartanburg
Spartanburg, SC 29302**

HONORABLE MEMBERS IN SESSION:

SUBJECT:

SHA Bank Account Review

CONTACT PERSON:

Angela Leopard
Director of Finance
864-598-6138

Purpose:

The Office of Housing and Urban Development require the J.C. Bull Multi-Family property hold all residual receipts in an interest bearing account. Management made the decision to review all of Spartanburg Housing Authority's (SHA) accounts to determine if other accounts would warrant a change. SHA was able to negotiate a Money Rate Savings Account structure for the JC Bull Residual Receipt account with a 1.25% annual percentage yield.

Finding:

SHA and BB&T representatives meet to discuss utilizing Sweep Advantage account structures. BB&T Sweep Advantage accounts automatically invest idle funds into higher yielding deposits. Business checking accounts are linked to a Money Rate Savings Account, nightly any funds over the chosen balance are automatically swept into the investment account. For a Sweep Account structure to be beneficial, SHA would need to consolidate checking accounts and have one nightly fund sweep. Due to the nature of HUD funds and regulatory restrictions that apply to SHA accounts, management determined that the regulatory and risk concerns that arise from entering into a Sweep account structure are too great at this time.



Action Items & Resolution

2018-31

3rd Quarter Bad Debt Write-Offs

**Board of Commissioners Meeting
Tuesday, July 24, 2018**



July 24, 2018

**Spartanburg Housing Authority
Spartanburg, SC 29302**

HONORABLE MEMBERS IN SESSION:

SUBJECT:

**Third Quarter FY 2018 Bad Debt Write-offs
Resolution #2018-31**

RECOMMENDATION:

Approve write-off of uncollected accounts receivables from April 1, 2018 – June 30, 2018 in the amount of \$16,629.00.

CONTACT PERSON:

Angela Leopard
Director of Finance
864-598-6138

SUMMARY:

The amount presented for board approval for write-off for all properties for the period of April 1, 2018 – June 30, 2018 (third quarter FY 2018) is \$16,629.00 (please refer to the attached summary) compared to the same period in FY 2017 write offs were \$20,451.86 or \$3,822.86 more than in the third quarter this fiscal year.

BACKGROUND:

(Past due Rent Collection Process)

Tenants are sent a late notice if rent remains unpaid after the eighth day of the month. Indicated in the late notice, the tenant has fourteen days from the date of the letter to pay the outstanding rent amount. The tenant is also advised in the late notice that if rent remains unpaid after the fourteenth day that the landlord would begin eviction proceedings against the tenant. Monthly, subsequent to the above time deadlines if rent is still unpaid and sufficient arrangements have not been made with the site manager, an eviction list is forwarded to the magistrate for processing. These annually uncollected rents are submitted to the Board of Commissioners for approval to be written off.

FINANCIAL CONSIDERATIONS:

The Municipal Association of South Carolina (MASC) does not charge Spartanburg Housing Authority for this service. All fees are paid by the past tenants' set-offs collected.

POLICY CONSIDERATIONS:

Once approved a detailed listing of the tenants with unpaid rents is submitted to the Municipal Association of South Carolina (MASC) who then works with the South Carolina Department of Revenue (DOR) to offset any tax refund that may be generated for the tenant in the future. During this process the MASC system generates notices to the past tenant that advised them of the process. A separate notice is also sent at the time an offset is made and a refund is sent to the Spartanburg Housing Authority.

Respectfully Submitted, _____

A handwritten signature in blue ink, appearing to be 'AL', with a long horizontal line extending to the right.

Angela Leopard, Director of Finance
Spartanburg Housing Authority

		Spartanburg Housing Authority			
		Bad Debt Write Off Receipts			
		October 1, 2017 - June 30, 2018			
	<u>Properties (AMP's)</u>	<u>FY 2018</u>		<u>FY 2018</u>	<u>FY 2018</u>
		<u>1st QTR</u>		<u>2nd QTR</u>	<u>3rd QTR</u>
		<u>Amount</u>		<u>Amount</u>	<u>Amount</u>
1	Camp Croft	\$ -		\$ -	\$ 816.00
2	Archibald Village	\$ -		\$ -	\$ -
3	Archibald Rutledge	\$ -		\$ 139.00	\$ -
4	Scattered Sites	\$ -		\$ -	\$ -
5	Cammie Clagett	\$ 83.34		\$ 250.01	\$ 333.34
6	Prince Hall	\$ 338.93		\$ 3,017.63	\$ 729.13
7	Victoria Garden	\$ -		\$ 16.00	\$ 1,055.67
8	Cambridge Place	\$ -		\$ -	\$ -
9	Page Lake	\$ -		\$ -	\$ -
10	JC Bull	\$ -		\$ -	\$ -
11	SLHC	\$ -		\$ -	\$ -
12	Liberty	\$ -		\$ -	\$ -
13	Appian	\$ -		\$ -	\$ -
	Total	\$422.27		\$3,422.64	\$2,934.14

		Spartanburg Housing Authority			
		Bad Debt Write Off			
		April 1, 2018 - June 30, 2018			
	<u>Properties (AMP's)</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>Dollars</u>	
		<u>3rd QTR</u>	<u>3rd QTR</u>	<u>Inc./ (Dec.)</u>	
		<u>Amount</u>	<u>Amount</u>		
1	Camp Croft	\$ 3,526.24	\$ 2,915.33	\$ 610.91	
2	Archibald Village	\$ 1,054.50	\$ 2,309.87	\$ (1,255.37)	
3	Archibald Rutledge	\$ 256.50	\$ 3,535.05	\$ (3,278.55)	
4	Scattered Sites	\$ -	\$ -	\$ -	
5	Prince Hall	\$ 11,008.26	\$ 6,443.44	\$ 4,564.82	
6	Victoria Garden	\$ -	\$ 5,248.17	\$ (5,248.17)	
7	Cambridge Place	\$ -	\$ -	\$ -	
8	Page Lake	\$ -	\$ -	\$ -	
9	JC Bull	\$ 783.50	\$ -	\$ 783.50	
10	SLHC	\$ -	\$ -	\$ -	
11	Liberty	\$ -	\$ -	\$ -	
12	Appian	\$ -	\$ -	\$ -	
	Total	\$16,629.00	\$20,451.86	\$ (3,822.86)	

RESOLUTION NO.2018-31

**ADOPTED BY THE BOARD OF COMMISSIONERS OF
THE SPARTANBURG HOUSING AUTHORITY**

JULY 24, 2018

**BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF
THE SPARTANBURG HOUSING AUTHORITY**

Staff recommends adoption of Resolution No.2018-31, that the Board of Commissioners approve the write-offs of uncollected rents incurred by vacated tenants for the third quarter of Fiscal Year 2018 (April 1, 2018 – June 30, 2018) in the amount of \$16,629.00. No individual/family may be readmitted to any Federally Funded Program unit until such debt is paid.

Charles White, Chair

ATTEST:

SECRETARY

FOR CLERK USE ONLY

RESOLUTION NO. 2018-31

DATE ADOPTED: July 24, 2018



Action Items & Resolution

2018-32

General Contracting Services

**Board of Commissioners Meeting
Tuesday, July 24, 2018**

July 24, 2018

July 24, 2018

**Spartanburg Housing Authority
Spartanburg, SC 29306**

HONORABLE MEMBERS IN SESSION:

SUBJECT:

**General Contracting Services
Resolution #2018-32**

RECOMMENDATION:

Staff recommends adoption of Resolution No. 2018-32, authorizing the CEO to award the contract for the Authority (and Affiliates) general contracting services to Green Earth Partners, Inc. (the Vendor) for a period of a three year contract not to exceed \$80,000.00 per year. Vendor will perform general contracting services. The authority reserves the right to award a contract for an additional two year period.

CONTACT PERSON:

Nathan Bragg
Procurement
864-809-1405

SUMMARY:

The Vendor shall perform general contracting services for all related horizontal and vertical improvements and deliver quality product on time and on budget. This will include cost sensitive value engineering to maintain total construction costs within funding limitations.

Provide guidance in rehabilitation or correction of defective, failing or aging structures or facilities.

Participate in concept, pre-development meetings and/ or presentations to local community resident's local government, and others as necessary or required by the SHA.

Assist in any request by SHA in presentations to the U.S. Department of Housing and Urban Development (HUD), the board of Commissioners or other approval bodies for projects which include Capital Fund Program, Replacement Housing Factor, Operations and other similar housing production, renovation of programmatic funding.

Assist in the development of a project management plan related to the site.

Negotiate contracts for subcontractors subject to the approval of SHA and HUD. Examples of such may be: geotechnical services, property surveying, handicap accessibility studies and hazardous materials testing services.

Sites served will include Archibald Rutledge, Archibald Village, JC Bull New Construction, JC Bull Project-Based Camp Croft Apartments, Prince Hall Apartments, Victoria Garden Apartments. May include other properties owned or managed by the SHA or its affiliates, and may include the Administrative Offices.

BACKGROUND:

SHA issued RFP 2018-032 on March 26, 2018. Only one response was received. The RFP was reposted with a due date of May 21, 2018. Two responses were received. The scores are as listed below.

Green Earth Partners, Inc. was the most qualified responsive bid with a comprehensive fee for service of construction labor prices noted above.

A bid evaluation was completed the evaluation scores whereas followed:

	GEP	Tyler Construction
Evaluator #1	90	29
Evaluator #2	100	70
Evaluator #3	85	90
Weighted Score	92	62

FINANCIAL CONSIDERATIONS:

All costs associated with this award will be covered from the Property or COCC Budgets and Capital Funds budget.

POLICY CONSIDERATIONS:

This procurement requires Board approval because it exceeds SHA's small purchase threshold of \$60,000.

Respectfully Submitted, _____
Nathan Bragg, Procurement
The Housing Authority of the City of Spartanburg

RESOLUTION NO. 2018-32

**ADOPTED BY THE BOARD OF COMMISSIONERS OF
THE SPARTANBURG HOUSING AUTHORITY
July 24, 2018**

**BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF
THE SPARTANBURG HOUSING AUTHORITY**

Staff recommends adoption of Resolution No. 2018-32, authorizing the CEO to award the contract for the Authority (and Affiliates) general contracting services to Green Earth Partners, Inc. (the Vendor) for a period of a three years not to exceed \$80,000.00 per year. The authority reserves the right to award a contract for an additional two year period.

Charles White, Chairman

ATTEST:

SECRETARY

FOR CLERK USE ONLY

RESOLUTION NO. 2018-32
DATE ADOPTED: July 24, 2018



Action Items & Resolution 2018-33

**Approval of Master Development Agreement
and Predevelopment Loan Agreement and
Camp Croft Predevelopment Budget, Note,
Assignment -- NHP**

**Board of Commissioners Meeting
Tuesday, July 24, 2018**

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG

RESOLUTION 2018-33:

Approval of Master Development Agreement and
Predevelopment Loan Agreement and Camp Croft
Predevelopment Budget, Note, Assignment -- NHP

BACKGROUND

The Housing Authority of the City of Spartanburg, SC (“**SHA**”) is the owner of Section 9 Public Housing communities commonly known as Archibald-Rutledge Highrise, Archibald Village, Victoria Gardens, Camp Croft and Prince Hall in Spartanburg, South Carolina, collectively consisting of 476 public housing units (“**RAD Portfolio**”). On June 13, 2017, SHA issued a Request for Qualifications for a development partner (the “**RFQ**”) seeking developers to assist SHA in the redevelopment of the RAD Portfolio. The NHP Foundation, a District of Columbia non-profit corporation (“**NHP**”), submitted a proposal which resulted in the competitive selection of NHP for the redevelopment of the RAD Portfolio. After NHP’s selection, SHA staff was directed to negotiate a Master Development Agreement (“**MDA**”) and Predevelopment Loan Agreement (“**PDLA**”), to set forth the terms and conditions governing the redevelopment of the RAD Portfolio pursuant to the RFQ. The purpose of this resolution is to approve and authorize the execution of the MDA and PDLA. Generally, the MDA requires SHA to fund 50% of all third-party development costs up to a maximum of \$150,000 for each development. These obligations will be evidenced by a PDLA and secured by an assignment of the plans and other predevelopment work-product generated for each development.

RESOLUTION

WHEREAS, SHA has heretofore selected NHP to serve as the Authority’s development partner in the redevelopment of SHA’s RAD Portfolio;

WHEREAS, SHA and NHP (and its affiliates) have successfully negotiated an MDA and PDLA which will set forth the terms and conditions governing the redevelopment of the RAD Portfolio pursuant to the RFQ; and

WHEREAS, SHA and NHP (and its affiliates) desire that SHA make a Predevelopment Loan in the amount of \$150,000 for the redevelopment of the Camp Croft site in accordance with the MDA and PDLA.

NOW THEREFORE, be it resolved by the Board of Commissioners of the Housing Authority of the City of Spartanburg hereby approves the MDA attached hereto as Exhibit A and incorporated herein by reference and the PDLA attached hereto as Exhibit B and incorporated herein by reference, subject to final review by legal counsel and provided no legal changes materially alter the business terms set forth in the agreements.

BE IT FURTHER RESOLVED that the Predevelopment Budget, Promissory Note and Assignment with respect to Camp Croft, attached hereto as Exhibit C and incorporated herein by reference, is hereby approved subject to final review by legal counsel and provided no legal changes materially alter the business terms set forth in the agreements.

BE IT FURTHER RESOLVED that the Chief Executive Officer of the Housing Authority of the City of Spartanburg, SC is hereby authorized to execute the MDA, PDLA and Camp Croft Promissory Note and Assignment, subject to final review by legal counsel.

This _____ day of July 2018.

**BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF
SPARTANBURG, SC**

BY: _____
CHARLES WHITE, CHAIR

Exhibit A

MASTER DEVELOPMENT AGREEMENT

By and Between

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG, SC

AND

NHPF-SC DEVELOPER, LLC

For the Implementation of the

RAD PORTFOLIO REDEVELOPMENT

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MASTER DEVELOPMENT AGREEMENT

This Master Development Agreement (this "**Agreement**") is entered into as of July____, 2018 between the **HOUSING AUTHORITY OF THE CITY OF SPARTANBURG, SC ("SHA")**, and **NHPF-SC DEVELOPER, LLC**, a South Carolina limited liability company (the "**Developer**").

PREAMBLE

A. SHA is the owner of Section 9 Public Housing communities commonly known as Archibald-Rutledge Highrise; Archibald Village, Victoria Gardens, Camp Croft and Prince Hall in Spartanburg, South Carolina, collectively consisting of 476 public housing units ("**RAD Portfolio**").

B. SHA promotes the development and professional management of a variety of affordable housing opportunities by working cooperatively with the United States Department of Housing and Urban Development ("**HUD**"), the South Carolina State Housing Finance and Development Authority ("**SCSHFDA**"), the City of Spartanburg and other entities.

C. On June 13, 2017, SHA issued a Request for Qualifications for a development partner (the "**RFQ**") seeking developers to assist SHA in the redevelopment of the RAD Portfolio.

D. The NHP Foundation, a District of Columbia non-profit corporation, which is wholly owned by the Developer, submitted a proposal, (the "**Proposal**"), which resulted in the competitive selection of the Developer for the redevelopment of the RAD Portfolio, which the Proposal is incorporated into and made a part of this Agreement by reference to the extent that the Proposal does not conflict with the other terms of this Agreement.

E. The redevelopment of the RAD Portfolio will consist of various phases or components which are intended to result in the RAD conversion of: 150 existing units at Archibald Rutledge Tower; 100 existing units at Prince Hall; 96 existing units at Camp Croft; 80 existing units at Victoria Gardens; and, 50 existing units at Archibald Village; and other site and related improvements, each referred to herein as a "**Development**" or collectively the "**Developments**," each of which may result in an increase or decrease of the number of existing units as set forth in each Development Plan (as defined herein) provided the one-for-one replacement requirements of HUD are met with respect to the units.

F. SHA competitively selected the Developer to serve as the developer of the Developments and to perform planning and developer services in accordance with the proposal by the Developer submitted to SHA and the Developer desires to perform or to cause to be performed, as applicable, such services in accordance with the terms of this Agreement.

G. SHA and the Developer intend to develop the Developments utilizing multiple financing sources. SHA shall ground lease the necessary site(s) to various Owner Entities (as defined in Section 6.01(a)) formed for such purpose by the Developer. Each Owner Entity will develop and construct, own and operate a Development Project, as hereinafter defined.

AGREEMENT

In consideration of the foregoing recitals, promises and mutual covenants the parties agree as follows with the intent to be legally bound.

ARTICLE I - ENGAGEMENT OF DEVELOPER

1.01 Engagement of the Developer. SHA hereby confirms the designation of the Developer as the developer for the Developments, subject to and in accordance with the terms and conditions of this Agreement and engages the Developer to perform the obligations and services specified in Article II hereof, and the Developer hereby accepts such engagement, all upon the terms and conditions set forth herein.

ARTICLE II - DEVELOPER SERVICES; OBLIGATIONS

2.01 Development Plans.

(a) Insofar as the RAD conversions of the Developments are expected to occur over a period of five (5) to seven (7) years, SHA and the Developer will jointly prioritize each Development Project for RAD conversion and agree on a Development Project start date for each Development Project. Within six (6) months from the start date of each Development Project the Developer shall submit for SHA's approval a Development Plan (as hereinafter defined) specifying all items set forth in Section 2.01(b) and which shall supersede all earlier conceptual development plans contained in the RFQ and the Proposal.

(b) The development plan for each Development shall specify, at a minimum the following (a "**Development Plan**"): (i) the cost of the Development; (ii) the expected types and sources of financing; (iii) the site layout with common area facilities; and, (iv) the site plan. The Development Plan will be based on such assumptions regarding sources of financing as the Developer deems appropriate in light of circumstances existing at the time of preparation of the Development Plan. The Development Plan shall include a Development Budget (as defined in Section 4.02 below) and a Development Schedule (as defined in Section 4.01 below), each of which is incorporated herein by this specific reference. To the extent the preceding elements of the Development Plan are included in a tax credit application as approved by SHA, such application shall constitute the relevant element(s) of the Development Plan. SHA's written approval of the Development Plan will confirm SHA's commitment in principle of any resources ascribed to SHA in the Development Plan and SHA's approval of the proposed actions by the Developer described in the Development Plan, and will permit the Developer, lenders, investors and other third parties to proceed to finalize plans in reliance upon such approval. SHA will make commercially reasonable efforts to comment on or approve a proposed Development Plan within forty-five (45) days of receipt from the Developer. As the lenders, investors and other third parties providing funds commit to the Developments, the Developer shall submit progressively more detailed Development Plans for the applicable Development, each of which shall be dated, shall supersede earlier versions of the Development Plan upon written approval of SHA, and shall be deemed incorporated herein by this specific reference. SHA will make commercially reasonable efforts to comment on or approve proposed updates to a Development Plan within twenty (20) days of receipt from the Developer. The Development Schedule and Development Budget are more fully addressed in Article IV.

(c) **"Accessibility Goals"** shall mean that

(i) The Uniform Federal Accessibility Standards and Section 504 of the Rehabilitation Act of 1973 requirements shall be met in each Development;

(ii) A minimum of 5% of the residential units in each Development shall be accessible units as required by applicable building codes and 2% of such units shall be designed for vision and hearing-impaired residents;

(iii) The Developments must be fully compliant with all requirements of the Americans with Disabilities Act, including but not limited to site, common areas and accessible route to and from common areas; and

(iv) To the extent commercially feasible, all units in each Development shall meet the current visibility standards according to HUD guidelines.

2.02 Developer's Obligation to Develop. The Developer shall use its commercially reasonable, best efforts to cause to occur a Closing (as defined in Section 25.13 hereof) for each Development in accordance with the Development Plan, subject to and contingent upon the Developer's obtaining commitments for all financing sources for the Development and SHA's obtaining all necessary HUD approvals. The Developer shall use its commercially reasonable, best efforts to cause a Closing for the first Development to occur no later than June 30, 2019, and to cause construction of the first Development to be completed by the earlier of December 31, 2020, or such date as is required by any source of funding. Notwithstanding the foregoing, SHA acknowledges that (a) each Closing is contingent upon approvals and commitments from various funding sources, including but not limited to an allocation of low-income housing tax credits from SCSHFDA, and all Closing dates are therefore subject to modification based upon funding sources, and (b) a delay in a Closing may be deemed necessary or desirable by SHA and the Developer based upon specific requirements or issues related to the Development.

2.03 Development Services. The Developer shall, subject to the terms and conditions of this Agreement and at the expense of the Owner Entity, provide, or arrange for the provision of, all such services as are necessary for the development and construction of the Developments, including without limitation the following services (collectively the **"Development Services"**), the compensation for which shall be the Developer's share of the Developer Fees provided in Section 7 hereof; provided, (a) no Development Fees shall be deemed earned for Development Services beyond the scope of services the payment which are includable in eligible basis pursuant to Section 42 of the Internal Revenue Code, and (b) all Development Fees shall be deemed earned in full on or before the date upon which construction is completed for the applicable Development:

(a) Project Management and Developer Services. All project management and developer services as are necessary for the development and construction of each Development including without limitation the services listed on Exhibit B (the **"Project Management and Developer Services"**).

(b) Financing Services. All financing activities as are necessary for each Development and construction of each Development including without limitation the services listed on Exhibit C (the **"Financing Services"**).

(c) Design/Planning Services. All design/planning services as are necessary for each Development and construction of the Development including without limitation the services listed on Exhibit D (the "**Design/Planning Services**").

(d) Site Services. Except for the SHA responsibilities set forth on Exhibit G and elsewhere in this Agreement, all site services as are necessary for the development and construction of each Development including without limitation the services listed on Exhibit E (the "**Site Services**").

(e) Construction Services. All construction services as are necessary for the development and construction of each Development including without limitation the services listed on Exhibit F (the "**Construction Services**").

(f) Contractors

(i) Section 3, MBE and WBE Services. The Developer shall require all subcontractors working on each Development, including the general contractor, architect and engineer and all their subcontractors to comply with Section 3 (as defined in Section 2.04(a)) and the minority business enterprise ("**MBE**") and women-owned business enterprise ("**WBE**") requirements set forth in Section 8.03 of this Agreement.

(ii) Approval. The general contractors for each Development and all vendors engaged by Developer in connection with the construction of the Development, that in the aggregate will be paid in excess of \$100,000 shall be approved in advance by SHA, such approval (or objection stating the specific reason(s) for objection) to be provided not more than twenty (20) days from receipt by SHA of the approval request, and such approval not to be unreasonably withheld or conditioned.

2.04 Progress Reports and Information. Developer shall provide SHA with timely and appropriate information about the status of each Development Project (subsequently defined) including telephone conferences, meetings, and written reports as may be reasonably requested. Not later than the 15th day of each month following the date of execution of this Agreement and continuing until the completion of construction of all Developments, the Developer shall provide SHA with written progress reports in such form as may be reasonably required by SHA on the status of the Development Plans, including all Development Services performed by the Developer, its contractors and other entities (collectively the implementation of the Development Plan and the Development Services are referred to as the "**Development Project**"). Such reports shall include (a) documentation of compliance with Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. § 1701(u) ("**Section 3**") and minority and women business participation in the Development Project as set forth in Section 8.03 hereof, (b) variances between actual completion dates and the Development Schedule, (c) a summary report of all Development Project activities undertaken and/or completed since the last monthly report, (d) minutes of construction meetings, (e) information on all contract changes or modifications under consideration or proposed contract changes, (f) actions taken when the requirements of any contract are not being satisfied, (g) variances between actual expenditures and the Development Budget, (h) all proposed changes or modifications to the Development Budget or Development Schedule, (i) evidence of Developer's and its Contractors' and subcontractors' compliance with state and/or federal E-Verify laws and regulations, and (j) evidence of Developer's compliance with Davis-Bacon Act requirements and other applicable laws and regulations. At SHA's request,

the Developer shall furnish SHA with copies of all third-party plans, reports and studies prepared in connection with the Development.

2.05 Security for Overruns. At the Closing of each Development phase, the Developer shall guarantee to the Tax Credit Investor and construction lender the lien-free completion of construction of such phase of the Development in compliance with the Development Schedule, subject to changes in the Development Schedule approved by the investors/lenders of the Development Project and which do not result in a material adverse consequence to the Development Project. The Developer, and not SHA, shall be responsible to the low-income housing tax credit investor ("**Tax Credit Investor**") for all construction cost overruns, timely completion of construction and the delivery of any tax credits; provided, deferred developer fee shall be a source of payment for construction cost overruns as more specifically set forth in Section 7.03 hereof. The Developer shall provide all guarantees required by the Tax Credit Investor and construction lender, including an operating deficit guarantee, until such time as Developer's affiliate exits the applicable Owner Entity. Notwithstanding the foregoing, in the event the Tax Credit Investor requires all non-profit entities (or their for-profit subsidiaries) receiving developer fee to provide a limited guarantee, then SHA shall provide the Investor-required guarantee which shall be limited to the amount of developer fee received by SHA with respect to the Development.

In the event the Developer and its affiliates, if applicable, are not released in full from all Project Guarantees (as defined herein) upon project stabilization as contemplated in Section 6.01(a)(iv) of this Agreement, then, at such time as the Development Project reaches stabilized occupancy as defined in Section 6.01(a)(i) of this Agreement, the Developer shall be entitled to receive an increased percentage of Available Cash Flow for Developer's (or its affiliates') guarantee liability in excess of fifty-percent (50%) of the total project guaranties. The additional percentage of Available Cash Flow shall be determined based upon the Developer's guarantee liability such that (i) the Developer shall be entitled to receive seventy-five percent (75%) of Available Cash Flow if the Developer is responsible for one hundred percent (100%) of the guarantee liability, and (ii) the Developer shall be entitled to receive fifty-percent of Available Cash Flow if the Developer is responsible for fifty-percent (50%) of the project guaranties. Any amount of guaranty liability of Developer (or its affiliates) which is more than fifty-percent (50%) of the project guaranties but less than one hundred percent (100%) of the project guaranties shall be calculated pro rata.

ARTICLE III - SHA RESPONSIBILITIES

3.01 SHA Responsibilities. SHA shall have the responsibilities set forth in Exhibit G.

ARTICLE IV - GENERAL DEVELOPMENT ACTIVITIES

4.01 Development Schedules.

(a) Predevelopment Schedule. Concurrently with delivery of the Development Plans in accordance with Section 2.01, the Developer shall prepare and submit to SHA for review and approval (such approval not to be unreasonably withheld, conditioned or delayed) a Predevelopment Schedule, including a critical path schedule, of time and order for the performance of all predevelopment activities necessary to effectuate a closing. The

Developer shall periodically revise and update the Predevelopment Schedule to reflect evolving events and circumstances, including actual dates of commencement and completion, as needed.

(b) Development Schedule. Concurrently with delivery of the Development Plan in accordance with Section 2.01, the Developer shall prepare and submit to SHA for review and approval (such approval not to be unreasonably withheld, conditioned or delayed) a schedule, for the completion of construction of the Development and, for subsequent phases of the same Development or the remaining Developments, a schedule including target times and order for the performance of all major milestones (the "**Development Schedule**"), which shall incorporate reasonable times for review, approval and return of documents to prevent delays in the Development Plan. The Development Schedule shall be organized on a month-by-month basis or as needed and requested by SHA. The Developer shall periodically revise and update the Development Schedule to reflect evolving events and circumstances, including actual dates of commencement and completion.

4.02 Development Budgets.

(a) Predevelopment Budget. Attached hereto as Exhibit A is an estimated budget for all predevelopment activities necessary to bring the first Development Project to a Closing (the "**Archibald Towers Predevelopment Budget**"). Developer shall prepare a budget for each Development reflecting the estimated expenses for all predevelopment activities to bring such phase to a Closing ("**Predevelopment Budget**") The Developer shall periodically revise and update the Predevelopment Budgets to reflect evolving events and circumstances. Proposed revisions to the Predevelopment Budgets will be submitted by the Developer to SHA with identification and explanation of changes. SHA will fund 50% of all third-party predevelopment costs up to a maximum of \$150,000 funded by SHA per Development Project, reflected in a Predevelopment Budget, which are incurred and payable until the date upon which a Development receives an allocation of low-income housing tax credits from SCSHFDA for each Development Project. The foregoing may, at the option of SHA, be funded in the form of a Pre-Development Loan from SHA to the Owner Entity pursuant to the terms of a Loan Agreement in the form set forth in Exhibit J attached hereto, and any such Pre-Development Loan shall be nonrecourse and shall be (i) repaid by the Owner Entity to SHA at Closing, or (ii) in the event a Development does not achieve Closing, the Pre-Development Loan shall be forgiven. Upon receipt of an allocation of low-income housing tax credits by SCSHFDA, SHA will fund an addition 50% of all third-party predevelopment costs up to a maximum of \$150,000 funded by SHA per Development Project, which are incurred and payable for the time period commencing upon an allocation of low-income housing tax credits from SCSHFDA through Closing. The total predevelopment costs to be paid by SHA per each Development Project shall not exceed \$150,000. In the event the Developer advances payment for any predevelopment costs for which SHA is responsible under this Section 4.02(a), then SHA shall reimburse the Developer for SHA's share of such advances within thirty (30) days of receipt by SHA of a payment requisition. In the event the predevelopment costs for any Development Project exceed the amounts set forth in this Section 4.02(a), SHA and the Developer shall cease all predevelopment work until such time as SHA and the Developer mutually approve a plan for funding such excess predevelopment costs.

(b) Development Budget. Concurrently with preparation and submission of the Development Plan for each Development Project, the Developer shall prepare and submit to SHA for review a preliminary development budget (the "**Development Budget**"), which shall

be updated and revised as appropriate. The Development Budget shall encompass all sources and uses of funds and shall detail the assumptions upon which the Development Budget is based. An updated Development Budget will be provided to SHA prior to Closing of each Development Project.

4.03 Governmental Agency Permits. Before commencement of construction of any buildings, structures or other improvements at a Development Project, the Developer shall, at the cost of the Owner Entity, secure, or cause to be secured, any and all permits which may be required by the City of Spartanburg or any other governmental agency affected by such construction, development or work thereon.

4.04 Commercial Space. SHA intends to develop a new office headquarters which shall be a commercial development that may be located at or adjacent to a Development site and/or may be developed simultaneous with the development of a Development. Subject to any and all procurement requirements applicable to SHA, the Developer and SHA intend that the Developer shall serve as the developer of such new office headquarters.

ARTICLE V – SITE ASSESSMENT AND SITE PREPARATION

5.01 General. The sites owned by SHA for each Development Project shall be delivered to the Developer (or the applicable Owner Entity) in “as-is” condition. SHA will provide Developer with all third-party reports in their possession regarding site and property conditions of each Development Project.

5.02 Environmental Assessments and Remediation.

(a) Post-Closing Environmental Condition. If, after a Closing and during the course of any construction work, the Developer determines that the nature of, time frames for, or cost of remediation of an Environmental Condition (as defined in Section 5.02(b)) in accordance with a scope of remediation required by applicable law or necessary for construction per the plans and specifications for such Development Project would render the construction of a Development Project or portion thereof materially more expensive than as contemplated in the Development Budget (a "**Post-Closing Environmental Condition**"), the Developer and SHA shall meet to consider possible methods and sources of payment by the Owner Entity for remediation of such Post-Closing Environmental Condition. The Development Schedule for a Development Project may be extended by the time needed to remediate such Post-Closing Environmental Condition, if feasible in the light of controlling deadlines, imposed by financing or supervisory agencies. In no event shall the Developer be required to fund any environmental remediation.

(b) An "**Environmental Condition**" shall mean the presence of Hazardous Substances (as defined in Section 5.02(d)) on, in, or under a Development Project site at concentrations requiring remediation under the Environmental Laws.

(c) "**Hazardous Substances**" shall mean substances, chemicals, materials or elements that are defined as "hazardous" or "toxic" or otherwise regulated by any and all federal, state or local laws or regulations pertaining to the protection of land, water, air or the environment whether now or in the future enacted (the "**Environmental Laws**").

The term "Hazardous Substances" shall also include, without limitation, any substance, chemical, material, or element (i) defined as a "hazardous substance" under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. §§ 9601, et seq.), as amended by the Superfund Amendment and Reauthorization Act of 1986, and as further amended from time to time and regulations promulgated thereunder; (ii) defined as a "regulated substance" within the meaning of Subtitle I of the Resource Conservation and Recovery Act (42 U.S.C. § 6991-6991 i), as amended from time to time and regulations promulgated thereunder; (iii) designated as "hazardous substances" pursuant to Section 311 of the Clean Water Act (33 U.S.C. § 1321), or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. § 1317); (iv) which is petroleum, petroleum products or derivatives or constituents thereof; (v) which is asbestos or asbestos-containing materials; (vi) the presence of which requires notification, investigation or remediation under any Environmental Laws; (vii) which is urea formaldehyde foam insulation or urea formaldehyde foam insulation-containing materials; (viii) which is lead-based paint or lead-based paint-containing materials; (ix) which are polychlorinated biphenyls or polychlorinated biphenyl-containing materials; or (x) which is radon or radon-containing or producing materials.

5.03 Geotechnical Assessment and Remediation.

(a) Post-Closing Geotechnical Condition. If, after Closing and during the construction work, the Developer determines that the nature of, time frames for, or cost of remediation of a Geotechnical Condition (as defined in Section 5.03(b)) which is discovered during the course of such post-Closing construction work (or a materially increased scope or cost of remediation of a previously discovered Geotechnical Condition which is determined during the course of such post-Closing work) would render the construction of the Development or portion thereof practically or financially unacceptable (a "**Post-Closing Geotechnical Condition**"), the Developer and SHA shall meet to consider possible methods and sources of payment by the Owner Entity for remediation of such Post-Closing Geotechnical Condition. The Development Schedule for a Development Project may be extended by the time needed to remediate such Post-Closing Geotechnical Condition, if feasible in the light of controlling deadlines, imposed by financing or supervisory agencies. In no event shall the Developer be required to fund any geotechnical remediation.

(b) "**Geotechnical Condition**" shall mean a condition of the soils, rock units, bedrock, or other subsurface materials or formations underlying the Development site requiring remedial action in order to provide sufficient structural support for buildings to be built on the Development site.

5.04 Environmental, Historic and Archaeological Review. The Developer will assist SHA with any documentation and other assistance needed to carry out required reviews under the National Environmental Policy Act ("NEPA") and other applicable federal laws, and to comply with the requirements of 24 C.F.R. part 58. The Developer, at the expense of the Owner Entity, may engage an environmental consultant to handle certain aspects of NEPA compliance as determined by the Developer.

5.05 Access to and Entry by the Developer Upon the Site. Prior to the conveyance of a leasehold by SHA to the applicable Owner Entity, SHA shall permit the Developer, its agents and employees, and third parties contracted by the Developer, the right of access to and entry

upon the Development site at all reasonable times, subject to the rights of existing tenants, if any, for the purpose of obtaining data and making surveys and tests necessary to evaluate the site and perform any and all predevelopment activities.

ARTICLE VI – DEVELOPMENT PHASE

6.01 Owner Entity

(a) SHA shall cause the formation of one or more limited liability companies (each, an "**Owner Entity**") to own each Development Project. Prior to Closing, the membership interests in the Owner Entity shall be at follows: SHA or its affiliate shall own a 51% managing member interest in the Owner Entity and the Developer or its wholly owned subsidiary shall own a 49% managing member interest in the Owner Entity. Subsequent to Closing, the Owner Entity will be owned 99.99% by the Tax Credit Investor and the remaining .01% membership interest in the Ownership Entity shall be as follows: SHA or its affiliate shall own a .0051% managing member interest in the Owner Entity and the Developer or its wholly owned subsidiary shall own a .0049% managing member interest in the Owner Entity. All documents evidencing an Owner Entity's rights and obligations with regard to the members, including but not limited to the payment of Developer Fees, guarantees, and pledges, shall be subject to the review and reasonable approval of SHA. Notwithstanding the foregoing, SHA will not object to matters which are set forth in this Agreement and/or which are customarily provided for in connection with the type of financing contemplated.

The operating agreement of the Owner Entity shall provide that upon the occurrence of the Transfer Conditions (as defined herein) and continuing thereafter, SHA may, at its option, purchase all, but not less than all, of the membership interest of the Developer (or the wholly owned subsidiary of the Developer, if applicable) in the Owner Entity for a purchase price of Ten Dollars (\$10.00). "Transfer Conditions" shall mean the occurrence of each of the following: (i) the Development Project has reached stabilized occupancy as such term is defined in the Amended and Restated Operating Agreement of the Owner Entity entered into by the Tax Credit Investor, SHA (or the wholly owned subsidiary of SHA, if applicable) and the Developer (and the wholly owned subsidiary of the Developer, if applicable) (each an "Amended and Restated Operating Agreement"); (ii) the transfer of the membership interest as contemplated in this Section 6.01(b) is permitted under the terms of the Amended and Restated Operating Agreement of the Owner Entity then in effect; (iii) any and all consents to the transfer of the Membership Interest which are required under the terms of the Project Mortgage Documents (as defined herein) have been obtained; (iv) the Developer and each affiliate of the Developer shall have been released (or shall be released simultaneous with the contemplated transfers) from any and all guaranties related to the Owner Entity and the Development Project, including, but not limited to, all loan guaranties and guaranties in favor of the Tax Credit Investor (the "Project Guarantees"); and (v) SCSHFDA has consented to the transfer of the membership interest. For purposes of this Section 6.01(b), "Project Mortgage Documents" shall mean any and all documents executed by the Owner Entity which evidence, govern and/or secure loan(s) to the Owner Entity.

At Closing, Developer and its affiliates shall assign to Owner Entity any and all warranties running to it for items utilized in the construction of the phase of the Development which have not already previously been assigned to Owner Entity. SHA, and/or an affiliate of

SHA will have the right to receive all documents and reports that the Developer receives. Notwithstanding anything to the contrary in this Section 6.01(a), all rights of SHA may be exercised by an affiliate of SHA and accordingly, any obligations of SHA may be undertaken by an affiliate of SHA.

(b) In soliciting Tax Credit Investor proposals as provided in Exhibit C to this Agreement, the Developer will alert each potential respondent to the provisions of the foregoing Section 6.01(a) and Sections 7.05 and 7.06 hereof, as well as Exhibit C and require each respondent to include in its proposal either acceptance of the foregoing paragraph and Sections 7.05 and 7.06 hereof, as well as Exhibit C or a description of any contrary or modifying terms it would require.

6.02 Ground Lease. SHA shall, not later than concurrently with the applicable Closing, enter into a ground lease (each a "**Ground Lease**") with the applicable Owner Entity, pursuant to which the Owner Entity will operate the phase of the Development during the term of the Ground Lease. Each Ground Lease will be separately negotiated

6.03 SHA Loan Documents. SHA may enter into one or more loan agreements with the applicable Owner Entity providing for one or more loans from funds as may be made available by SHA, to be used in accordance with the applicable HUD requirements. Any such loans will be subordinate to other loans made by private lenders to such Owner Entity, payable from available cash flow after payment of all operating expenses, debt service on other mortgage financing, and lease payments under the Ground Lease, and shall contain other terms and conditions as shall be agreed upon by SHA and the applicable Owner Entity and be consistent with the Financing Plan (as defined in Exhibit C).

6.04 Property Management and Compliance Management. Not later than concurrently with each Closing, the applicable Owner Entity shall enter into a management agreement (each a "**Management Agreement**") with a third-party Management Agent to be approved by SHA and the Developer. The Management Agreement shall provide that the management agent shall be responsible to the applicable Owner Entity for management of the Development in accordance with the terms of the applicable Management Agreement and the Development's management plan (each a "**Property Management Plan**"). The property management fee (the "**Management Fee**") will be no more than 6% of gross collections of the property.

SHA will receive an annual asset management fee of 2.0% of net rental revenue (the "Asset Management Fee"). The Asset Management Fee will be paid out of Available Cash Flow as set forth in Section 7.06(b). Notwithstanding the foregoing, in the event the Developer and its affiliates, if applicable, are not released in full from all Project Guarantees (as defined herein) upon project stabilization as contemplated in Section 6.01(a)(iv) of this Agreement, then, at such time as the Development Project reaches stabilized occupancy as defined in Section 6.01(a)(i) of this Agreement, the Asset Management Fee shall be paid to SHA and the Developer pro rata, based upon the percentage of asset management services performed by each party.

6.05 Right of First Refusal and Purchase Option. Each Amended and Restated Operating Agreement shall provide for a Right of First Refusal in favor of SHA to purchase the applicable Development (the "ROFR"). The ROFR shall provide for a purchase price in an amount equal

to the greater of (i) the “minimum purchase price” as defined in Section 42(i)(7)(B) of the Internal Revenue Code or (ii) the sum of (1) the principal amount of outstanding indebtedness secured by the Development, (2) the total amount (principal, unpaid interest and other amounts, if any) of all outstanding indebtedness (which indebtedness must be repaid in full with such proceeds), including any debt, whether secured or unsecured, owed by the Owner Entity, the members of the Owner Entity, or affiliates of the members of the Owner Entity, and (3) the Exit Taxes. “Exit Taxes” shall mean all Federal, state and local taxes of the members of the Owner Entity attributable to such sale.

Provided further, each Amended and Restated Operating Agreement shall provide for a purchase option (the “Option”) in favor of SHA or its affiliate to purchase either (i) the Development, or (ii) the Tax Credit Investor’s ownership interest in the Owner Entity, for a purchase price to be negotiated with the Tax Credit Investor at the applicable Closing. Each Option term shall commence at the end of the Compliance Period (as defined in Section 42 of the Internal Revenue Code) and shall continue for a minimum of twelve (12) months thereafter.

6.06 Agreements for Development. SHA, Developer, and each Owner Entity may enter into specific development agreements or other documents with respect to each Development Project and such documents shall supersede the terms of this Agreement. Once a Closing has occurred with respect to Development Project, the documents applicable to such Development Project and any other documents executed in connection with such Closing (“**Closing Documents**”) shall govern the parties’ obligations as to matters set forth in them. No termination of this Agreement, in and of itself, shall release either other party from the obligations undertaken in the Closing Documents nor increase the rights and remedies under such Closing Documents.

ARTICLE VII - DEVELOPER FEE

7.01 Developer Fees. As full compensation for its undertaking and performance of the Development Services hereunder, the Developer (or a Developer affiliate designated by it) shall be entitled to earn and receive a developer fee (the “**Developer Fee**”) with respect to each Development Project which shall be paid solely from syndication proceeds or other Development Project financing sources other than SHA federal funds. Except as otherwise provided herein, the Developer and SHA intend that, the Developer Fee shall be the maximum permitted by SCSHFDA pursuant to the Qualified Allocation Plan for the State of South Carolina. SHA shall be entitled to receive 50% of the Developer Fee (the “**SHA Fee Portion**”) and Developer shall be entitled to receive 50% of the Developer Fee (the “**Developer Fee Portion**”). The Developer Fee shall be paid to SHA and the Developer pro rata, such that SHA and the Developer each receive 50% of each payment of Developer Fee. Subject to deferral of Developer Fee as set forth in Section 7.03 of this Agreement the Tax Credit Investor’s approval, the parties hereto agree that the non-deferred Developer Fee with respect to Development Project shall be payable 25% at construction loan closing, 50% at substantial completion, and 25% at achievement of Stabilized Occupancy. For purposes of this provision, “**achievement of Stabilized Occupancy**” shall be determined as provided in the Amended and Restated Operating Agreement of the applicable Owner Entity but not prior to achievement of initial occupancy of 95% of all units of the applicable phase of the Development and “**substantial completion**” shall mean the date that all of the following have occurred: (i) the Developer shall certify in writing that the Developer's contractor has completed a Development Project in conformance with the applicable Development Plan, and that such work is deemed complete, notwithstanding minor details of

construction, mechanical adjustment or cosmetic items which do not interfere with the use and occupancy of such phase of the Development for its intended purpose (i.e., punch list items); (ii) the Developer or the Developer's construction contractor has obtained permanent, unconditional certificates of occupancy or their equivalent from all appropriate governmental entities for such phase of the Development; (iii) all sanitary, security, electrical, heating, ventilating and air conditioning systems in the phase of the Development are operational to the extent necessary to provide adequate services to a Development Project; and (iv) access to Development and the parking areas and other common areas are available to the residents of a Development Project.

In the event the Developer or its affiliate is required to pay an outstanding deferred developer fee pursuant to the terms of an equity guaranty, SHA shall be responsible for funding the payment of one-half of the deferred developer fee (i.e., the portion of the developer fee that is payable to SHA shall be funded by SHA).

7.02 Costs, Expenses and Funding.

(a) Cost Splitting; Reimbursement at Closing. Costs incurred in planning or implementing the Project shall be funded by SHA and Developer as set forth in Section 4.02(a) of this Agreement. Pre-Development costs shall be reimbursable to SHA and Developer by the Owner Entity at Closing; provided, neither SHA nor the Developer shall be entitled to reimbursement of Pre-Development costs in the event the Development does not reach a Closing.

(b) No Payment for Other Services. No services for which an additional cost or fee will be charged by the Developer shall be furnished without the prior written consent of SHA..

(c) Availability of Funds. SHA funds available for development of the Developments (the "**SHA Development Funds**") may consist of public housing reserve funds; Replacement Housing Factor (RHF) funds; or other such funds designated by SHA for each Development. The amount of SHA funding for each Development Project shall be determined on a project by project basis. SHA shall not be obligated to pay any moneys in the event that the source of funds attributable to SHA are terminated, withheld or recaptured by HUD; provided that SHA shall pursue, with the Developer's assistance and cooperation, alternative sources of funding. The SHA Development Funds are in addition to any SHA funds used to perform its obligations under Section 4.02(a) hereof. SHA will also make every effort to secure funding and waiver(s) of related fees and costs from the City of Spartanburg and other local governmental bodies towards the expense of infrastructure improvements required for a Development Project.

(d) Retention of Rights. SHA's review, approval or acceptance of, or payment for Development Services shall not be construed to operate as a waiver of any of SHA's rights arising out of this Agreement or otherwise.

7.03 Limitation on Developer Fee. The Developer Fee shall be deferred to secure the Development against any cost overruns only if (a) the construction contingency funds and cost savings are insufficient to cover such cost overruns, and (b) the Developer has made commercially reasonable efforts and has been unsuccessful in obtaining other funding sources for such cost overruns. If none of the foregoing is sufficient to fully cover such cost overrun in

excess of any contingency set forth in the Development Budget, the Developer Fee may be deferred in order to pay for such cost overrun.

7.04 Intentionally Omitted.

7.05 Development Budget Cost Savings. Any funds remaining in a construction contingency reserve and any other cost savings from a Development Budget (permanent sources less permanent uses as determined at Stabilization), subject to the applicable Owner Entity documents and financing documents, shall be paid/distributed in accordance with the distribution provisions of the operating agreement of the applicable Owner Entity.

7.06 Guarantee Fee; Compliance Fee; Cash Flow.

(a) Fees Payable to Managing Member. The Owner Entity documents shall include that SHA and the Developer Managing Member (or their affiliates) shall share in the partnership management fees, incentive management fees or similar fees paid to members of such Owner Entity, if any, 50% to Developer Managing Member and 50% to SHA. Notwithstanding the foregoing, in the event the Developer and its affiliates, if applicable, are not released in full from all Project Guarantees upon project stabilization as contemplated in Section 6.01(a)(iv) of this Agreement, then, at such time as the Development Project reaches stabilized occupancy as defined in Section 6.01(a)(i) of this Agreement, the partnership management fees, incentive management fees or similar fees paid to members of the Owner Entity shall be paid to SHA and the Developer Managing Member (or their affiliates) pro rata, based upon the percentage of partnership management services performed by each party.

(b) Available Cash Flow. "Available Cash Flow" shall conform to a similar definitional term in the Owner Entity's operating agreement, but is generally agreed by the parties to mean the net amount equal to (a) all cash received in any calendar year from operations of a particular phase of the Development (including funds released from reserves, the refinancing of any loan, receipt of proceeds of an event covered by property or liability insurance to the extent not used to repair or restore the improvements, and a property condemnation or taking to the extent not used to repair or restore the improvements and excluding the proceeds of sale or other disposition of all or part of the assets), less (b) the following, determined on an accrual basis, payable for the same calendar year from such cash: (i) operating expenses (other than fees payable to a member of Owner Entity or an affiliate thereof), including, without limitation, mandatory payments of principal and interest on any loans; and, (ii) funding of any reserves and other deposits or escrows required by any lender, investor and/or SCSHFDA. Subject to Tax Credit Investor approval and commencing after conversion of construction financing to permanent financing, Available Cash Flow shall be distributed as follows: (a) first, to payment of fees due to the Tax Credit Investor under the Amended and Restated Operating Agreement of the Owner Entity, (b) second, to payment of any outstanding voluntary loans from the Developer or its affiliates to the Owner Entity (provided, nothing herein shall obligate the Developer or its affiliates to loan any funds to the Owner Entity), (c) third, to payment of deferred developer fee, (d) fourth, to payment of Asset Management Fee, (d) the balance, less any amount of Available Cash Flow required to be disbursed to the Tax Credit Investor under the Amended and Restated Operating Agreement, 50% to Developer and 50% to SHA. Notwithstanding the foregoing, distribution of Available Cash Flow shall be adjusted as set forth in Section 2.05 of this Agreement in the event Developer and its affiliates, if applicable,

are not released in full from all Project Guarantees upon project stabilization as contemplated in Section 6.01(a)(iv) of this Agreement

(c) If SHA has provided secondary financing to an Owner Entity, the calculation of debt service payments, loan term and interest rate shall be determined on a project by project basis prior to closing of the applicable Development.

ARTICLE VIII - SELECTION OF PROFESSIONALS, CONTRACTORS AND CONSULTANTS

8.01 General. The Developer or the applicable Owner Entity shall select and engage contractors, consultants and other third parties necessary for carrying out Development Services pursuant to this Agreement. SHA acknowledges that, in accordance with 24 C.F.R. Part 905, neither the Developer nor any Owner Entity is required to comply with procedures set forth in 2 C.F.R. Part 200. In light of the public investment in the Development, the Developer shall engage, and shall cause each Owner Entity to engage, consultants and contractors pursuant to open and fair competitive procedures to the extent practical. In selecting contractors and consultants, the Developer and each Owner Entity shall be alert to organizational conflicts of interest as well as noncompetitive practices that may restrict or eliminate competition or otherwise restrain trade and will make awards to the bidder or offeror whose bid or offer is in the Developer's or Owner Entity's sole determination most advantageous to the applicable phase of the Development, taking into consideration price, quality and other factors. The other factors shall include (but not be limited to) the bidder's or offeror's commitment to compliance with MBE, WBE and Section 3 participation plans in accordance with Section 8.03 hereof. In no event shall the Developer or any Owner Entity contract with any party that has been debarred or suspended by HUD. No less than ten (10) business days prior to finalizing the engagement of any contractor (excluding subcontractors of the general contractor), consultant or third party (other than accountants and attorneys or third parties paid by Developer), the Developer and the Owner Entity shall advise SHA in writing ("**Notice of Engagement**") of the proposed selection by the Developer or the Owner Entity of such contractors, consultants or other third party to be engaged or selected for participation in the Development who is to be paid at least \$100,000. Within 10 business days after SHA's receipt of a Notice of Engagement, SHA may disapprove (approval not to be unreasonably withheld conditioned or delayed) any selection made by the Developer or the Owner Entity in writing specifying the reasonable basis of such disapproval. Those contractors and consultants set forth as team members in the Proposal are deemed acceptable to SHA and shall not require additional approval by SHA. All contracts shall contain all provisions required by HUD and shall conform to the applicable requirements of this Agreement.

8.02 Prohibited Arrangement. The Developer shall not enter into any contract, lease, purchase order or other agreement ("**Arrangement**") in connection with the Development with any affiliate of the Developer, unless such Arrangement has been approved in writing by SHA, after full disclosure in writing by the Developer to SHA of such affiliation or relationship and all details relating to the proposed Arrangement.

8.03 Minority and Women Business and Section 3. Not later than ninety (90) days after the execution of this Agreement, the Developer shall formulate and submit plans to ensure MBE, WBE and Section 3 hiring (together, the "**Hiring Plans**") to SHA for review and approval (such

approval not to be unreasonably withheld, conditioned or delayed). The Hiring Plans shall specify how Section 3 and MBE/WBE hiring requirements will be implemented with respect to the Development and shall comply with the requirements set forth in the RFQ and the representations contained in the Developer's response.

The Hiring Plans shall be applicable to all Development Services rendered by the Developer, its contractors and any Owner Entity. The Developer shall implement or cause each Owner Entity to implement the Hiring Plans for the Development.

(a) To achieve greater participation of MBEs and WBEs in contracts, the Developer will, if necessary:

(i) place qualified MBEs and WBEs and small business concerns on solicitation lists;

(ii) divide the Development Services into smaller tasks or quantities to permit maximum participation by MBEs and WBEs and small business concerns so long as such division does not result in increased costs to the Development;

(iii) establish a Development Schedule and Development Budget which encourages participation by MBEs, WBEs and small business concerns; and

(iv) use the services and assistance of the U.S. Small Business Administration, the Minority Business Development Agency of the U.S. Department of Commerce, any local minority assistance organizations and various state and local government small business agencies.

(b) Ratios. The Developer shall use commercially reasonable efforts for each phase of the Development to:

(i) target Section 3 hires of 25 individuals for each Development Project (the "**Section 3 Requirement**"; provided, hires shall include training, apprenticeships and similar arrangements; and

(ii) target MBE/WBE/DBE firms to receive contracts paying such enterprises an amount equal to at least 30% of the total (hard and soft) cost of the Development Services (the "**MBE Requirement**").

ARTICLE IX - REPRESENTATIONS AND WARRANTIES

9.01 Representations and Warranties of the Developer. The Developer hereby represents and warrants to SHA as follows:

(a) It has the legal capacity to assume responsibility for compliance with all applicable laws, regulations, rules, programs and agreements and to enter into this Agreement and to perform all of the undertakings set forth herein.

(b) The Developer is a duly organized and validly existing legal entity under the laws of the State of South Carolina.

(c) This Agreement has been duly and validly executed and delivered by the Developer and constitutes a valid and legally binding obligation enforceable in accordance with its terms.

(d) The Developer is not subject to any charter or other legal restriction of any kind which materially and adversely affects the business, property or assets, or the condition, financial or otherwise, of the Developer. Neither the execution and delivery of this Agreement, nor compliance with the terms, conditions and provisions hereof, will conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under any law or any regulation, order or decree of any court or governmental agency, or any indenture or other agreement or instrument to which the Developer is subject, or will 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 Developer pursuant to the terms of any such indenture or agreement or instrument, and will not require the approval of any federal regulatory body or of any state or local commission or authority having jurisdiction with respect thereto, unless such approval has been obtained and is in full force and effect on the date hereof.

(e) There is no action, proceeding or investigation now pending before any court or any governmental department or agency nor any basis therefor, known or believed to exist which: (i) questions the validity of this Agreement or any action or act taken or to be taken by the Developer pursuant to this Agreement, or (ii) is likely to result in a material adverse change in the authority, property, assets, liabilities or condition of the Developer which will materially and substantially impair its ability to perform pursuant to the terms of this Agreement.

(f) Developer represents that, taking into account the present fair saleable value of Developer's assets and the probable liability of its debts and other liabilities, Developer has a positive net worth; Developer will be able to pay its debts and liabilities as they become due; Developer will have sufficient income and cash flow to timely pay all subcontractors for work performed under contracts and subcontracts entered into as contemplated by this Agreement; and Developer does not have unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted following the date of this Agreement.

9.02 Representations and Warranties of the SHA. SHA hereby represents and warrants to the Developer as follows:

(c) It has the legal capacity to assume responsibility for compliance with all applicable laws, regulations, rules, programs and agreements and to enter into this Agreement and to perform all of the undertakings set forth herein.

(d) SHA is a duly organized and validly existing legal entity under the laws of the State of South Carolina.

(g) This Agreement has been duly and validly approved by SHA in accordance with the laws of the State of South Carolina, has been validly executed and delivered by SHA to the Developer and constitutes a valid and legally binding obligation enforceable in accordance with its terms.

(h) Neither the execution and delivery of this Agreement, nor compliance with the terms, conditions and provisions hereof, will conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under any law or any regulation, order or decree of any court or governmental agency, or any indenture or other agreement or instrument to which SHA is subject, and will not require the approval of any federal regulatory body or of any state or local commission or authority having jurisdiction with respect thereto, unless such approval has been obtained and is in full force and effect on the date hereof.

9.03 Survival. The representations and warranties of the Developer and SHA shall survive until eighteen months following the date of substantial completion for the final phase of the Development. Each party shall immediately notify the other party in writing if any of these representations change during the duration of this Agreement.

ARTICLE X - COOPERATION AND COMPLIANCE

The parties hereto agree to cooperate with each other and provide all necessary documentation, certificates and consents and to take all necessary action in order to satisfy the terms and conditions hereof and the applicable laws, regulations and agreements relating thereto.

ARTICLE XI - INSURANCE

The Developer shall cause the appropriate entity, at that entity's expense, to maintain and keep in force the insurance set forth on Exhibit H attached hereto.

ARTICLE XII - ACCOUNTING RECORDS

12.01 Books and Records; Access. The Developer's books and records pertaining to its performance under this Agreement shall be kept in accordance with generally accepted accounting principles and as required under any grant agreement and any other funding agreement between SHA and a public funding source. SHA, HUD and other interested governmental agencies providing funds to the Development shall have the right at all times to review and inspect the Developer's books and records pertaining to its performance under this Agreement and the Developer shall afford full and free access to such books and records to SHA and HUD.

12.02 Audit. SHA, HUD and any agency providing funds to SHA, shall have the right to perform any audit of the Developer's and each Owner Entity's finances and records related to its performance under this Agreement, including without limitation, the financial arrangement with anyone the Developer or any Owner Entity may delegate to discharge any part of its obligations under this Agreement.

12.03 Audit of Contractors. The Developer shall provide and shall cause each Owner Entity and each of their contractors to provide access to SHA, HUD, any agency providing funds to SHA, the Comptroller General of the United States or any of their duly authorized representatives to any books, documents, papers and records of each such contractor which are directly pertinent to this Agreement for the purpose of making, audit, examination, excerpts and transcriptions. In addition, the Developer shall provide, and shall cause each Owner Entity to provide to SHA copies of all third party prepared audits, reviews, compilations or other reports of the books and records of the Developer or any Owner Entity concerning any and all phases of

the Development within thirty (30) days of the issuance thereof. Such documents will include, but not be limited to all audits, reviews, or compilations, concerning compliance with low-income housing tax credit requirements, the annual audit or review submitted to the Tax Credit Investor, and the final tax credit cost certification.

12.04 Maintenance of Books and Records. In order to permit the making of audit, examination, excerpts and transcriptions by SHA, HUD, any agency providing funds to SHA, the Comptroller General of the United States or any of their duly authorized representatives, the Developer agrees to maintain and to cause each Owner Entity and each of their contractors to maintain all records and supporting materials with respect to its performance under this Agreement for a period of three years following completion and delivery of the audit referred to in this Article XII, or any longer period required by 2 C.F.R. Part 200, as amended in subpart F of 24 C.F.R. Part 905.

ARTICLE XIII - RESPONSIBILITY FOR EMPLOYEES

The Developer agrees to provide a competent staff for the proper administration, coordination, and supervision of a Development Project. All officers and employees of the Developer shall be compensated by the Developer and shall be under the control of the Developer. SHA shall not have any liability or obligation whatsoever with respect to any employment arrangement between the Developer and any of its officers and employees. All matters concerning the employment, supervision, compensation, promotion and discharge of such officers and employees shall be the sole responsibility of the Developer. The Developer shall fully comply with all applicable laws and regulations with respect to workers' compensation, social security, unemployment insurance, hours of labor, wages, working conditions, licensing and other employer-employee related matters, including, without limitation, all laws, rules and regulations with respect to non-discrimination based on race, sex or otherwise. The Developer represents that no person supplied by it to perform any of the Development Services is an employee of SHA.

ARTICLE XIV - ROLE OF HUD

14.01 The parties acknowledge that performance of certain elements of this Agreement by SHA and the transactions contemplated hereby are contingent upon the review and approval by HUD. The Developer and SHA agree to cooperate in good faith in order to obtain all necessary HUD approvals. The parties generally recognize that unless SHA provides federal funds to the Developer, federal requirements that accompany such funding will not be applicable. Any provision of this Agreement notwithstanding, the parties intend that there should be no more involvement by HUD in the Development than is legally required. Notwithstanding the foregoing or anything to the contrary contained in this Agreement, any unconditioned references in this Agreement to HUD requirements, or to processing steps and procedures associated with HUD, are intended to apply not as governmental regulations but instead as contractual guidelines agreed upon by the parties pursuant to this Agreement.

ARTICLE XV - DISPUTES

15.01 Disputes. All disputes under or relating to this Agreement, including any claim for damages, which are not otherwise disposed of by agreement shall be resolved as follows:

(a) Claims. Any and all claims or disputes by the Developer or SHA under this Agreement (each a "**Claim**") shall be made in writing and submitted to the other party in accordance with Section 25.01 of this Agreement.

(b) Mediation. Within fifteen (15) days of receipt of a Claim, the Claim shall be submitted to mediation in an effort to resolve the dispute. The party mediating shall provide notice to the other party within such fifteen (15) day period requesting that the dispute be submitted to mediation. The parties will select a mediator within ten (10) business days following the request for mediation. The mediator shall schedule such mediation sessions as he/she deems advisable. Each party agrees that it will fully participate in the mediation process until the mediator determines that further proceedings are not warranted; provided, however, that the mediation process shall conclude no later than thirty (30) days following the commencement of such mediation process.

Each party shall be responsible for its costs and those of its advisors in the mediation process. All costs and expenses of the mediation process, including the fee charged by the mediators (if any), shall be borne equally by the parties unless otherwise agreed upon in writing.

ARTICLE XVI - TERM; TERMINATION

16.01 Term. This Agreement shall commence upon the execution hereof and shall continue until the Closing for the final phase of the Development, unless sooner terminated in accordance with this Agreement. Sections 16.02 - 16.04 shall have no application to any phase of the Development which shall have achieved Closing.

16.02 Termination by Parties. This Agreement may be terminated:

- (a) By the mutual agreement of the Developer and SHA;
- (b) By the Developer or SHA if there has been a default in the performance or observance of any material term of this Agreement by the other party that is not cured within thirty (30) days after receipt of written notice thereof from the non-defaulting party; provided that, if such default cannot reasonably be cured within thirty (30) days, and the defaulting party shall have commenced to cure such default within such thirty (30) day period, then the defaulting party shall have such additional time as is reasonably necessary to cure the default if the defaulting party promptly and diligently proceeds to cure the same, it being agreed that no extension shall be for a period in excess of ninety (90) days;
- (c) Immediately by SHA, if the Developer ceases doing business as a going concern, makes a general assignment of its assets for the benefit of creditors, files a voluntary petition seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar arrangement under the federal bankruptcy laws or any similar federal or state statute, law or regulation, or files an answer admitting the material allegations of such a petition or consents to or acquiesces in the appointment of a trustee, receiver or liquidator of all or any part of its assets or properties; or

(d) By Developer as set forth below, if Developer determines that one or more Development Contingencies cannot reasonably be achieved which render completion of the Development to be commercially infeasible.

The parties acknowledge and agree that the following matters are conditions precedent to the Developer's ability to proceed with a Development Project and to fulfill the terms and conditions of this Agreement. Developer's ability to perform its responsibilities hereunder is substantially contingent upon actions by third parties over which they have limited control, or factual circumstances which could not reasonably have been determined as of the date of this Agreement (each a "**Development Contingency**"). Such Development Contingencies include, but may not be limited to, the following items: (i) the award of tax credit allocations in the amount projected; (ii) the investment of equity at projected terms, conditions and rates; (iii) the making of private loans under projected terms and conditions; (iv) the provision of all projected assistance, including grants, loans, land transfers, and tax abatement;

(v) the successful elimination or control of adverse geotechnical conditions at the Development site; (vi) the successful elimination or control of adverse environmental conditions at the Development site; (vii) the receipt of all necessary government approvals and permits, including without limitation HUD's approval as required; and (viii) the continuation of law, regulations and policy at least as favorable to redevelopment of former public housing sites in general, and to the Development in particular, as they currently exist. If, at any time prior to the Closing on any phase of the Development, Developer concludes that completion of the Development is or has become commercially infeasible because a Development Contingency has not been satisfied, then Developer may initiate consideration of suspension or termination of the Development by delivery to SHA of written notice (a "**Notice of Infeasibility**") describing the conditions supporting Developer's determination. The Developer's Notice of Infeasibility may describe actions that the Developer proposes that either party take in order to address the unresolved Development Contingency or state reasons why the Developer believes that all potential avenues of cure have been exhausted.

Following delivery of a Notice of Infeasibility, SHA and the Developer, as appropriate, shall use all commercially reasonable efforts to cause resolution of the Development Contingency in a manner which reasonably permits the accomplishment of the remaining phases of the Development in accordance with this Agreement. SHA and the Developer will attempt in good faith to revise the scope of the Development in a mutually acceptable fashion by extending deadlines, revising goals, or otherwise. The parties may agree (A) to suspend development of the applicable phase of the Development, including return of any credits to SCSHFDA, and to pursue an alternative Development Plan, which may include application for tax credits in a later year, subject to all necessary approvals and deadline extensions by HUD or other controlling agencies, or (B) to adopt an alternative mutually agreed upon course of action. If, after good faith efforts to cure or otherwise resolve the conditions of infeasibility, the parties cannot, within sixty (60) days following delivery of the Notice of Infeasibility, agree to actions to satisfy the Development Contingency, then Developer may terminate this Agreement by delivering written notice to SHA of such termination.

16.03 Default.

(a) Developer Default. If the SHA terminates this Agreement pursuant to Section 16.02(b), then the SHA may make a Claim in accordance with Article XV hereof.

(b) SHA Default. If the Developer terminates this Agreement pursuant to Section 16.02(b), then the Developer may make a Claim in accordance with Article XV hereof.

(c) Termination or Dissolution of SHA. If SHA is dissolved or otherwise rendered incapable of performing its obligations under this Agreement, the Developer may treat any such circumstances as a termination for convenience and be entitled to a claim pursuant to Section 16.04(b).

16.04 Termination for Convenience by SHA.

(a) SHA may terminate this Agreement in its entirety for the convenience of SHA ("**Termination For Convenience**") in the event SHA determines in good faith that it is infeasible or contrary to the interests of SHA to proceed with a Development Project.

(b) In the event of a Termination For Convenience by SHA under this Section 16.04, the Developer may make a Claim in accordance with Article XV. SHA shall either make payment on such claim within thirty (30) days of receipt or, within such thirty (30) day period, submit the claim for dispute resolution pursuant to Article XV and pay all uncontested amounts.

(c) In the event of a Termination For Convenience or a Development Project is suspended by SHA for a period of time in excess of one hundred twenty (120) days, either in whole or in part, SHA shall be liable to Developer for all reasonable and proper costs resulting therefrom, which costs shall be paid to Developer within thirty (30) days of receipt by SHA of a properly presented claim setting out in detail: (i) the total cost of all third-party costs incurred by Developer through the date of termination; (ii) the cost (including reasonable profit) of settling and paying claims under subcontracts and material orders for work performed and materials and supplies delivered to the site, or for settling other liabilities of Developer incurred in performance of its obligations hereunder; (iii) the cost of preserving and protecting the work already performed until SHA or its assignee takes possession thereof or assumes responsibility therefor; (iv) the actual or estimated cost of legal and accounting services reasonably necessary to prepare and present the termination claim to SHA; and (v) fair compensation to Developer for all tasks performed through the date of termination in an amount equal to a designated percentage of the total projected Developer Fee for phases of the Development that have not had a Closing and based upon the achievement of certain identified events such designated percentage will increase as follows: twenty-five percent (25%) of the Developer's portion of the projected Developer Fee upon achievement of one of the "development milestones" listed below plus an additional five percent (5%) of the total projected Developer Fee upon achievement of each additional development milestone without regard to the sequence of achieving such development milestones. For purposes hereof the "development milestones" shall be (1) submittal to SCSHFDA of the tax credit application for the applicable phase of the Development, (2) notification from SCSHFDA that in response to the tax credit application the applicable phase will receive an award of LIHTCs, (3) meeting the 10% carryover requirement relating to the LIHTCs for the applicable phase, (4) submission of all design documentation and other materials to the applicable governmental body necessary to apply for building permits for the applicable phase, (5) obtaining all governmental approvals necessary for issuance of building permits for the applicable phase, and (6) obtaining all necessary financing commitments for the applicable phase. For example, the total projected Developer Fee will be based upon the aggregate Developer Fee for the first and second phases of the Development in the case of a termination before the Closing of the first phase of the Development, and the total projected

Developer Fee will be based upon the Developer Fee for the second phase of the Development in the case of a termination after the Closing of the first phase of the Development.

16.05 Assignment and Delivery of Contracts and Work Product. The Developer shall collaterally assign to SHA, in connection with SHA's funding of predevelopment costs pursuant to this Agreement, Developer's right, title, and interest in all documents, drawings, plans and specifications, studies, files, contracts, permits, approvals, grants, tax credit reservations and all other documents, materials and work product (including, but not limited to architectural documents), prepared or obtained for the Developer by third parties (collectively the "**Documentation**") to construct the Development or in connection with this Agreement or the Development Services, which Documentation is funded in whole or in part by SHA. If this Agreement is terminated, upon payment in full by SHA of the cost for such Documentation (including reimbursement to Developer of the portion of the cost paid by Developer), then (a) the Developer shall assign all right, title and interest and deliver to SHA originals or copies, as applicable, of all Documentation for phases of the Development that have not achieved a Closing and (b) Developer shall cause each applicable Owner Entity to execute and deliver to SHA an assignment of such Owner Entity's right, title and interest in all such Documentation for phases of the Development that have not achieved a Closing. The Developer shall include in all third party contracts a provision giving Developer or the Owner Entity the right to assign all applicable Documentation to SHA upon payment in full or to provide reliance letters in favor of SHA.

16.06 Non-Liability of SHA Commissioners, Employees and Agents. No commissioner, employee or agent of SHA shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by SHA or for any amount which may become due to the Developer or on any obligation under the terms of this Agreement.

ARTICLE XVII – INDEMNIFICATION

17.01 Indemnity by Developer. The Developer shall indemnify, defend and hold SHA and its Commissioners, employees, and agents harmless from and against any and all claims, damages, losses, liabilities, costs and expenses arising out of or in connection with (a) the performance by a Developer Party of the Development Services, (b) any breach of this Agreement by a Developer Party, (c) any violation, or alleged violation by a Developer Party of state, federal, or local law, rule or regulation; (d) any employee or third party claim arising under Article XIII of this Agreement, or (e) any bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (including the loss of use resulting therefrom) caused by a Developer Party; provided that such indemnification obligation shall not apply to any claim resulting from gross negligence, willful misconduct or breach of this Agreement by SHA, its agents or employees or a failure to act by SHA, its agents or employees when a duty to act is present, or to any claim for which SHA has an indemnification obligation pursuant to Section 17.02. For purposes hereof, "**Developer Party**" shall include the Developer, its affiliates, and employees of any of them. It is agreed that the Developer will be responsible for primary loss investigation, defense and judgment costs where the foregoing indemnity applies.

17.02 Indemnity by SHA. To the extent permitted by applicable law, SHA shall indemnify, defend and hold Developer harmless from and against any and all claims, damages, losses, liabilities, costs and expenses arising out of or in connection with (a) any breach of this Agreement by SHA and its affiliates, (b) any violation, or alleged violation by SHA and its

affiliates of state, federal, or local law, rule or regulation; or (c) any bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (including the loss of use resulting therefrom) caused by SHA and its affiliates; provided that such indemnification obligation shall not apply to any claim for which Developer has an indemnification obligation pursuant to Section 17.01 hereof or any claim resulting from gross negligence, willful misconduct or breach of this Agreement by Developer, its agents or employees or a failure to act by Developer, its agents or employees when a duty to act is present.

17.03 In consideration of entering into this Agreement, (i) Developer agrees to waive all rights of subrogation against SHA, its officers, agents and employees for losses arising from the work performed by the Developer for SHA and (ii) SHA agrees to waive all rights of subrogation against Developer, its officers, agents and employees for losses arising from the services performed by SHA. This Article XVII shall survive termination of this Agreement.

ARTICLE XVIII - INDEPENDENT CONTRACTOR

Nothing contained in this Agreement shall be deemed or construed to create a relationship of partners, co-venturers, or principal and agent between SHA and the Developer. In entering into this Agreement and carrying out its obligations hereunder, the Developer is an independent contractor working for itself and is not, shall not be deemed to be and shall not hold itself out as an agent, legal representative or employee of SHA or HUD. The Developer is not granted any right or authority to assume or to create any obligation, liability or responsibility, express or implied, on behalf of or in the name of SHA or HUD, to bind SHA or HUD in any manner to any contractual or other undertaking whatsoever or to accept payment from any party of any obligation owing to SHA or HUD. The Developer shall be responsible for all costs it incurs in performing its obligations under this Agreement, and SHA and HUD shall not have any liability for any debts or other obligations which the Developer may incur in rendering such performance. The Developer shall have no power or authority to create any obligation or liability on the part of SHA or HUD, as principal, obligor, guarantor, or surety, with respect to any obligation or liability to third parties incurred by the Developer.

ARTICLE XIX - DISCLAIMER OF RELATIONSHIPS

19.01 No Third Party Beneficiary. Nothing contained this Agreement, nor any act of SHA, shall be deemed or construed to create any relationship of third party beneficiary, principal and agent, limited or general partnership, joint venture, or any association or relationship involving HUD, except between HUD and SHA.

19.02 No Assignment of Funds. The Developer acknowledges that any transfer of public housing funds by SHA to the Developer or an Owner Entity shall not be deemed an assignment of such funds. Neither the Developer nor any Owner Entity will succeed to any rights or benefits of SHA or attain any privileges, authorities, interests, or rights in or under the Amended and Restated Annual Contributions Contract between SHA and HUD ("**ACC**") or any grant agreement between SHA and HUD.

19.03 Covenant Against Contingent Fees. Developer represents that no person or selling agent has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee.

ARTICLE XX – FEDERAL, STATE AND LOCAL REQUIREMENTS

20.01 The Developer, as well as each Owner Entity and all their respective contractors and subcontractors, shall comply with 24 C.F.R. Part 905 and all of the applicable requirements of the following, as the same may be amended from time to time:

(a) The Fair Housing Act, 42 U.S.C. §§ 3601-19, and regulations issued thereunder, 24 C.F.R. Part 100; Executive Order 11063 (Equal Opportunity in Housing) and regulations issued thereunder, 24 C.F.R. Part 107; the fair housing poster regulations, 24 C.F.R. Part 110, and advertising guidelines, 24 C.F.R. Part 108 (collectively "**Fair Housing**"). The Developer shall take affirmative action to further Fair Housing.

(b) Title VI of the Civil Rights Act of 1964, 42 U.S.C. § 2000d, and regulations issued thereunder relating to nondiscrimination in housing, 24 C.F.R. Part 1.

(c) Age Discrimination Act of 1975, 42 U.S.C. §§ 6101-07, and regulations issued thereunder, 24 C.F.R. Part 146.

(d) Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794, and regulations issued thereunder, 24 C.F.R. Part 8; the Americans with Disabilities Act, 42 U.S.C. §§ 12181-89, and regulations issued thereunder, 28 C.F.R. Part 36, and the Architectural Barriers Act of 1968, as amended (42 U.S.C. § 4151) and regulations issued pursuant thereto, 24 C.F.R. Part 40.

(e) Section 102 of the Department of Housing and Urban Development Reform Act of 1989, as implemented at 24 C.F.R. Part 4, which contains provisions designed to ensure greater accountability and integrity in the provision of certain types of assistance administered by HUD.

(f) Section 3 and its implementing regulations at 24 C.F.R. Part 135.

(g) 24 C.F.R. Part 24, which applies to the employment, engagement of services, awarding of contracts, subgrants, or funding of any recipients, or contractors or subcontractors, during any period of debarment, suspension, or placement in ineligibility status.

(h) The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and government-wide implementing regulations at 49 C.F.R. Part 24.

(i) Section 306 of the Clean Air Act, Section 508 of the Clean Water Act, and Executive Order 11738.

(j) Section 12 of the Act, 42 U.S.C. § 1437j which applies to the payment of not less than the wages prevailing in the locality, as determined by or adopted by the Secretary of HUD, to all architects, technical engineers, draftsmen and technicians.

(k) 2 C.F.R. Part 200, which applies to requirements for grants.

(l) The Immigration Reform and Control Act of 1986, Pub L. No. 99-603, 100 Stat. 3359.

(m) Executive Order 11246 of September 24, 1965 entitled, "Equal Employment Opportunity," as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations, 41 C.F.R. Part 60. (All construction contracts awarded in excess of \$10,000 by Federal grantees and their contractors or subcontractors.)

(n) Copeland "Anti-Kickback" Act, 18 U.S.C. § 874, as supplemented in Department of Labor regulations at 29 C.F.R. Part 3. (All contracts and subgrants for construction or repair.)

(o) Davis-Bacon Act, 40 U.S.C. §§ 276a to 276a-7 (as recodified at 40 U.S.C. §§ 3141-3148), as supplemented by the Department of Labor regulations at 29 C.F.R. Part 5, and HUD regulations at 24 C.F.R. 905 or successor provisions.

The provisions of 24 C.F.R. Part 70, as they may be amended from time to time, will apply to the use of volunteers for activities covered by Section 12 of the United States Housing Act of 1937. In addition, if funds from other Federal programs are used in renovation/construction of the Development, the Developer agrees to comply with all applicable requirements of such programs relating to labor standards. Developer shall comply with the policies, guidelines, and requirements of OMB Circular numbers A-110 and A-122, as they relate to the acceptance and use of federal funds and to 2 C.F.R. Part 200, to the extent applicable.

(p) Sections 103 and 107 of the Contract Work Hours and Safety Standards Act, 40 U.S.C. §§ 327-330 (as recodified at 40 U.S.C. §§ 3701-3703), as supplemented by Department of Labor regulations at 29 C.F.R. Part 5.

(q) Executive Orders 11625 (as amended by Executive Order 12007), 13170, 12432, and 12138 (as amended by Executive Order 12608). Consistent with HUD's responsibilities under these Orders, the Developer must make efforts to encourage the use of minority and women's business enterprises in connection with the renovation/construction of the Development.

(r) The cost principles of OMB Circular A-87, relocated to 2 CFR Part 225.

(s) The audit requirements of OMB Circular A-133.

(t) In connection with the Development, the Developer shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, disability, age, or national origin. The Developer shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to race, color, religion, sex, disability, age, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Developer shall or shall cause the appropriate party to insert the foregoing provision (modified only to show the particular contractual relationship) in all contracts in connection with the Development, except contracts for standard commercial supplies or raw materials and contracts, and shall require all contractors to insert a similar provision in all subcontracts, except subcontracts for standard commercial supplies or raw materials. The Developer shall cause the Owner Entity or general contractor, as

applicable, to post at the site of each Development component, in conspicuous places available to employees and applicants for employment, notices to be provided by HUD setting forth the provisions of this nondiscriminatory clause.

(u) Any other Federal, state or local law, regulation, rule or ordinance applicable to the Development.

(v) Confidentiality and Data Security. The Developer shall comply with the following:

(i) All data, regardless of form, including originals, images and reproductions, prepared by, obtained by, or transmitted to the Developer by SHA in connection with this Agreement is confidential, proprietary information owned by SHA. Except as specifically provided in this Agreement, the Developer shall not disclose data transmitted to the Developer by SHA in the performance of the services set forth in this Agreement to any third person without the prior written consent of SHA.

(ii) Personal identifying information, financial account information, or restricted SHA information, whether electronic format or hard copy, must be secured and protected at all times to avoid unauthorized access. At a minimum, the Developer must encrypt and/or password-protect electronic files. This includes data saved to laptop computers, computerized devices or removable storage devices.

(iii) When personal identifying information, financial account information, or restricted SHA information, regardless of its format, is no longer necessary, the information must be redacted or destroyed through appropriate and secure methods that ensure the information cannot be viewed, accessed, or reconstructed.

(iv) In the event that data collected or obtained by the Developer in connection with this Agreement is believed to have been compromised, the Developer shall notify SHA immediately. The Developer agrees to reimburse SHA for any costs incurred by SHA to investigate potential breaches of this data caused by the Developer and, where applicable, the cost of notifying individuals who may be impacted by the breach.

(v) The Developer agrees that the requirements of this Section 20.01(v) shall be incorporated into all subcontractor agreements entered into by the Developer. It is further agreed that a violation of this Section 20.01(v) shall be deemed to cause irreparable harm that justifies injunctive relief in court. Failure to cure a violation of this Section 20.01(v) may result in termination of this Agreement, subject to the cure rights set forth in this Agreement.

(vi) The Developer shall indemnify, defend, save and hold harmless SHA and its officers, officials, agents, and employees from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and cost of claims processing, investigation and litigation) for any loss caused, or alleged to be caused, in whole or in part, by the Developer's or any of its officers', directors', or employees' failure to comply with the requirements of Section 20.01(v). This indemnity includes any claim arising out of the failure of the Developer to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree.

(vii) The obligations of Developer under Section 20.01(v) shall survive the termination of this Agreement.

ARTICLE XXI - CONFLICT OF INTEREST

21.01 Conflict of Interest. The parties acknowledge and agree to comply with conflict of interest provisions set forth in 2 C.F.R. Part 200 and 24 C.F.R. Part 905 and the ACC. Each of the parties hereto agrees to include in all contracts with any party involving the use of Federal grant funds, a conflict of interest provision consistent with 2 C.F.R. Part 200 and 24 C.F.R. Part 905 and the ACC.

21.02 Certification Regarding Lobbying. The Developer agrees to execute the Certification Regarding Lobbying attached hereto as Exhibit I and all other certifications required to be executed in connection with receipt of Federal grant funds.

ARTICLE XXII - NO LIENS; NO ASSIGNMENT

22.01 Liens and Encumbrances. Neither the Developer nor any Owner Entity shall place, or allow to be placed, any lien or encumbrance on the ground, structures or any improvements on a Development site owned by SHA, or any portion thereof, including any lien for work or labor done or materials furnished prior to the execution of a Ground Lease and, thereafter, no liens or encumbrances other than a mortgage or other financing instrument permitted by the Ground Lease shall be placed or allowed to be placed on a Development site by or on behalf of the Developer or any Owner Entity.

22.02 Discharge. If any mechanic's, laborer's, or materialman's lien shall at any time be filed against the Development or any part thereof, the applicable Owner Entity, within thirty (30) days after notice of the filing thereof, shall cause such lien to be discharged of record by payment, deposit, bond, order of court of competent jurisdiction or otherwise. The Developer or Owner Entity shall notify SHA in writing of the Owner Entity's actions to either satisfy or contest the lien and, if contested, of the matter's status on a monthly basis until concluded. If the Developer shall fail to cause the Owner Entity to discharge such lien within the period aforesaid, then, in addition to any other right or remedy, SHA may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit or by bonding. Any amount so paid by SHA and the costs and expenses incurred by SHA in connection therewith, shall be payable by the Owner Entity on demand; provided, in the event the Owner Entity does not satisfy such obligation, the Developer shall be responsible for payment to SHA of one-half of the amount of such expense incurred by SHA.

22.03 No Implied Consent. Nothing contained in this Agreement shall be deemed or construed in any way as constituting SHA's expressed 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 Development or any part thereof.

22.04 Assignment. The Developer shall not assign, subcontract or transfer any services, obligations, or interests in this Agreement without the prior written consent of SHA. Such consent shall not be unreasonably withheld when such assignment is for financing the Development.

ARTICLE XXIII - WRITTEN MATERIALS AND PUBLIC STATEMENTS

The parties agree to cooperate and consult with each other regarding any public statements or publication made regarding a Development Project and the Development. The Developer shall provide SHA with drafts of any written material prepared in connection with a Development Project and the Development for a government agency or other third party prior to submission with sufficient time for SHA to review such materials. The Developer shall revise such drafts in accordance with reasonable SHA requests. In addition, the Developer shall provide SHA with any changes to documents that affect the activities or understandings reflected by this Agreement and final versions of all written submissions. The Developer further agrees that no press release, promotional flyer, advertisement, brochure, posters, letters, printed materials, electronic or internet broadcasts, and radio and television broadcasts concerning the Development will be issued without SHA's prior written consent and approval (which approval shall not be unreasonably withheld, conditioned or delayed). Representatives of SHA may attend and SHA shall be recognized at any event as the primary sponsor of the Development.

ARTICLE XXIV - FORCE MAJEURE

Notwithstanding any other provision hereof, in the event that either party shall be delayed or hindered in or prevented from the performance of any covenant, agreement, work, service, or other act required under this Agreement to be performed by such party, and such delay or hindrance is due to causes beyond its reasonable control such as riots, insurrections, martial law, civil commotion, war, fire, flood, earthquake, or other casualty or acts of God, the performance of such covenant, agreement, work, service, or other act shall be excused for the period of delay and the time period for performance shall be extended by the same number of days in the period of delay; provided, however, that the time period for performance shall not be extended beyond 120 days without the prior written consent of the other party.

ARTICLE XXV - MISCELLANEOUS

25.01 Notices; Contact.

All notices, requests, demands, approvals, or other formal communications given hereunder or in connection with this Agreement shall be in writing and shall be deemed given when actually received or two days after being sent by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Developer:

NHPF-SC Developer, LLC
1090 Vermont Ave., Suite 400
Washington, DC 20005
Attn:

With a copy to:

Jeffrey D. Salzer, Esq.
Kelliher & Salzer, LLC

If to SHA:

Terril Bates, Chief Executive Officer
Housing Authority of the City of Spartanburg, SC
2271 S. Pine Street
Spartanburg, SC 29302

With a copy to:

Bo Campbell, Esq.
Horton Law Firm, PA

25.02 Counterparts. This Agreement may be executed in counterparts and all such counterparts shall be deemed to be originals and together shall constitute one and the same instrument.

25.03 Survival. Upon the Closing of any phase of the Development, the Closing documents shall govern the rights and remedies of the parties for such phase only. Articles XV and XVII, shall survive and continue to be enforceable with regard to such phase as shall be further specified in the Closing documents.

25.04 Further Assurances. Each party shall execute such other and further documents as may be reasonably necessary or proper for the consummation of the transactions contemplated by this Agreement.

25.05 Interpretation and Governing Law. This Agreement shall not be construed against the party who prepared it but shall be construed as though prepared by both parties. This Agreement shall be construed, interpreted, and governed by the laws of the State of South Carolina.

25.06 Severability. If any term or provision of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable such term or provision shall be deemed severed from this Agreement and the remaining parts shall continue in full force as though such invalid or unenforceable term or provision had not been part of this Agreement.

25.07 Parties Bound. No officer, director, shareholder, employee, agent, or other person authorized to act for and on behalf of either party shall be personally liable for any obligation, express or implied, hereunder.

25.08 Final Agreement. This Agreement constitutes the final understanding and agreement between the parties with respect to the subject matter hereof and supersedes all prior negotiations, understandings and agreements between the parties, whether written or oral. This Agreement may be amended, supplemented or changed only by a writing signed or authorized by or on behalf of the party to be bound thereby. In the event of a conflict between this Agreement and any document executed at Closing, the document signed at a Closing shall control.

25.09 Waivers. No delay or omission by either party to insist upon the strict performance of any of the other party's obligations under this Agreement or to exercise any right or remedy available hereunder shall impair any such right or remedy or constitute a waiver thereof in the event of any subsequent occasion giving rise to such right or availability or remedy or obligation, whether of a similar or dissimilar nature.

25.10 Successors. The terms, covenants, agreements, provisions, and conditions contained herein shall bind and inure to the benefit of the parties hereto, their successors and assigns; provided that neither party may assign its interests in this Agreement without the prior written consent of the other party.

25.11 Titles of Articles and Sections. Any title of the Articles, Sections or Subsections of this Agreement are inserted for convenience or reference only and shall be disregarded in construing or interpreting any part of its provisions.

25.12 Warranties. SHA does not make any warranty or representation, express or implied, to the Developer as to fitness or condition of any site intended to be included in the Development or the use to be conducted thereon.

25.13 No Effect on Closed Phase. Notwithstanding anything contained in this Agreement to the contrary, this Agreement shall have no effect on and shall not be applicable to any phase of the Development for which a Closing has occurred. At the time a Closing occurs, all of the applicable rights, duties and obligations of the parties thereto will be expressly included in the Closing Documents executed at such Closing and any provisions not included in the Closing Documents shall have no force or effect with regard to such phase of the Development. For purposes hereof, the term "**Closing**" shall mean, with regard to any phase of the Development, the date on which the principal documents regarding financing, construction and operation of such phase are executed and become binding obligations of performance for the parties thereto. The termination of this Agreement for any reason shall not affect or terminate any Ground Lease (or other land disposition agreement) which has been executed between SHA and any Owner Entity, which Ground Lease (or other land disposition agreement) shall continue in accordance with its own terms and conditions notwithstanding the termination of this Agreement.

[SIGNATURES ON NEXT PAGE]

**SIGNATURE PAGE TO
MASTER DEVELOPMENT AGREEMENT**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

**HOUSING AUTHORITY OF THE CITY
OF SPARTANBURG, SC**

By: _____
Name: Terril Bates
Title: Chief Executive Officer

NHPF-SC DEVELOPER, LLC, a South
Carolina limited liability company

By: The NHP Foundation, a District of
Columbia non-profit corporation

By: _____
Name: _____
Title: _____

EXHIBIT A
PREDEVELOPMENT BUDGET

See Attached.

EXHIBIT B

DEVELOPER SERVICES

1. Developing and implementing plans to encourage participation in the development and operation of the Development by Section 3 residents, Section 3 small business concerns, MBEs and WBEs. All such plans shall be submitted to SHA for its review and approval, such approval not to be unreasonably withheld, conditioned or delayed.
2. Use commercially reasonable efforts to cause the phases of the Development to proceed and close in accordance with the Development Schedule and the Development Budget.
3. Oversee all Development Project activities and require that such activities are performed in accordance with customary standards for quality development and construction of housing in the City of Spartanburg, South Carolina.
4. Furnishing the skill and judgment necessary to perform the Development Services in a quality, expeditious and economical manner.
5. Subject to the review and approval of SHA (which approval shall not be unreasonably withheld, conditioned or delayed) and HUD, if necessary, negotiating and entering into all necessary contractual arrangements between lenders, architects, contractors, equity investors, governmental bodies, residents and the applicable Owner Entity for each Development Project.
6. Actively participating in the stakeholder engagement process, including meeting with the neighborhood association, residents, advocates and local governments to assist SHA in securing all necessary approvals for a Development Project.
7. Regularly attending meetings with SHA as needed. Provide reports as reasonably requested.
8. Preparing and updating a market analysis addressing all components of the Development.
9. Performing such other Project Management and Developer Services as Developer determines are necessary for the successful implementation of the Development.

EXHIBIT C

FINANCING SERVICES

As part of the Development Plan submissions made pursuant to Section 4.01 of the Agreement, the Developer shall prepare for SHA's review and approval (such approval not to be unreasonably withheld, conditioned or delayed) the overall plan and terms for the financing and equity investment necessary for such phases of the Development (the "**Financing Plan**"), which Financing Plan is incorporated in this Agreement by this specific reference. The Financing Plan shall set forth, inter alia, the debt and equity to be raised, the construction period sources for all funds and expected uses, permanent sources for all funds and expected uses, 15-year projected cash flow, rent schedule, initial operating budget and all underlying assumptions including terms, conditions and pricing of tax credits. The Financing Plan shall reasonably maximize the leveraging of SHA funds with private capital, consistent with operating feasibility for the applicable component of the Development, the current equity market, and current economic conditions in the City of Spartanburg, SC. Once the Financing Plan is approved by SHA, the Developer shall be responsible for its implementation; provided, the cost of such implementation shall be allocated as set forth in this Agreement. Such implementation shall include the following:

1. Applying for and obtaining from issuing agencies such tax-exempt bond volume cap and/or low-income housing tax credits as necessary to (a) attract equity investments; (b) ensure such allocations are preserved through the Closing and (c) negotiate the terms and conditions of such equity investments. Obtaining (from a third-party service provider) legal counsel for tax credit syndication and/or bond issuance.
2. Preparation and submission of a Predevelopment Budget and Development Budget in accordance with this Agreement.
3. In the case of selection of a low-income housing tax credit equity investor, the Developer will invite proposals from any non-profit respondents identified by SHA in a timely manner. All potential respondents shall be identified at least 60 days prior to the projected date of Closing of the applicable phase of the Development. SHA may disapprove (SHA approval not to be unreasonably withheld, conditioned or delayed) a potential respondent identified by the Developer specifying the reasonable grounds of disapproval based upon good faith analysis. The Developer shall solicit proposals from all potential respondents and will provide SHA with copies of all Tax Credit Investor proposals and final selection of the Tax Credit Investor shall be made by the Developer and approved by SHA (such approval not to be unreasonably withheld, conditioned or delayed) based on demonstrated competitiveness of the selected proposal under then-current market conditions in terms of pricing and related terms and conditions, including pay-in schedule, required guaranties, bridge financing, and demonstrated reliability of performance in comparable transactions. SHA acknowledges that the Developer intends to solicit a proposal from Stratford Capital Group, and that SHA will not disapprove Stratford Capital Group in the event Stratford Capital Group is selected by the Developer.
4. The Developer covenants that at least 99.99% of the low-income housing tax credits shall be allocated to an approved Tax Credit Investor that is the investor member of the Owner Entity. The Developer and its affiliates may not be allocated more than .01% of the low-

income housing tax credits without the prior written consent of SHA, which may be withheld, conditioned or delayed in its sole discretion.

5. Identifying proposed sources of all necessary funding commitments for the Development, including all construction and/or permanent financing therefor, subject to the review and approval of SHA (such approval not to be unreasonably withheld, conditioned or delayed). SHA may recommend to the Developer one or more potential local lenders from whom financing should be solicited (if the Development Plan includes private debt financing), which recommendations will be considered by the Developer.

6. Preparing and submitting the Owner Entity Operating Agreement and exhibits thereto and all financing documents to SHA for its review and approval.

7. Maintaining all Development books of account and financial records in accordance with HUD and other funder requirements until such time as Developer Managing Member ceases to be the managing member of an Owner Entity.

8. Preparing and submitting to SHA such financial reports relating to a Development Project as set forth herein and as SHA may reasonably request.

9. Utilizing public housing funds, if any, in accordance with SHA and/or HUD requirements.

10. Monitoring the Development Budget and monitoring, reviewing and certifying draw requests from funding sources.

11. Providing all required guarantees to the equity investor and lenders during the development period, as well as guarantees of construction completion to SHA only for the period while serving as the Managing Member of Owner Entities.

12. Performing all such other Financing Services as Developer determines are necessary in connection with a Development Project.

EXHIBIT D

DESIGN/PLANNING SERVICES

1. Preparing all budgets, schedules and contracts, including those with the architect, engineers, contractors and other parties working on a Development Project. All such plans, budgets, schedules and contracts shall be subject to the review and approval of SHA (such approval not to be unreasonably withheld, conditioned or delayed), including the hourly rates for all architects, engineers, contractors and other parties working on a Development Project.
2. Preparing the bidding package strategy for the Development including geotechnical consultant, environmental consultant and surveyor, all with the advice and consent of SHA (such consent not to be unreasonably withheld, conditioned or delayed).
3. Applying for and obtaining all zoning approvals, permits (including building and construction permits), licenses, easements and approval necessary for the physical improvements contemplated by a Development Project.
4. Preparing and submitting all design documents and development plans, critical path schedules, cost estimates, budgets, schedules, specifications, life cycle analysis and design and development documents to SHA for review and approval (such approval not to be unreasonably withheld, conditioned or delayed). The Developer will use commercially reasonable efforts to endeavor to design and construct the Development in a manner that fits the character and quality of the surrounding community, and SHA's approval of the development plans will be confirmation that such requirement has been achieved.
5. On an ongoing and timely basis, advising SHA as to the status of the processing of all applications necessary to obtain all governmental approvals required for a Development Project. Advising SHA as to any hearings or meetings regarding a Development Project with sufficient advance notice to enable representatives of SHA to attend such hearings or meetings.
6. Monitoring the performance of all persons and entities that are to provide Design/Planning Services to the Development and taking such actions as are necessary to maintain adherence to quality standards, safety standards, shipping dates, job-site requirements, the Development Budget and the Development Schedule.
7. Submitting written design and development progress reports to SHA as reasonably requested and in such form as may be reasonably required.
8. Implementing quality assurance and control measures to ensure effective performance by all parties working on a Development Project.
9. Assist SHA with obtaining environmental clearances from all interested agencies pursuant to NEPA, State of South Carolina, City of Spartanburg and HUD regulations.
10. Obtaining meaningful and active participation by key stakeholders throughout the planning, design, construction and operations of the Development. In addition to the Developer and SHA, other key stakeholders will, at a minimum, include residents, community groups, and City of Spartanburg agencies and authorities.

11. Performing all such other Design/Planning Services which Developer determines are necessary in connection with a Development Project.
12. Ensuring compliance with all requirements for accessible units for all phases of the Development.

EXHIBIT E

SITE SERVICES

1. Verifying utility locations based on plats and coordinating site preparation requirements with utility systems and providers for water waste, water storm, natural gas, electricity and telecommunications.
2. Implementing quality assurance and control measures to ensure effective performance by all parties working on a Development Project.
3. Performing all such other Site Services which Developer determines are reasonably necessary in connection with a Development Project.
4. Selecting such consultants, reasonably acceptable to SHA, as are necessary to monitor and report on all environmental, and geotechnical compliance work. Such reports may be required by Developer, an Owner Entity, or a Tax Credit Investor.

EXHIBIT F

CONSTRUCTION SERVICES

1. Prepare and submit all construction plans, budgets, schedules and contracts, including those with the construction contractor and other parties working on a Development Project to SHA for review and approval, such approval not to be unreasonably withheld, conditioned or delayed.
2. Select the construction contractor with the advice and consent of SHA, such consent not to be unreasonably withheld, conditioned or delayed.
3. Invite SHA or its representative to all monthly progress meetings with the construction contractor, architect and other contractors. The Developer shall also provide SHA or its representative with reasonable access to the Development site during the construction period at all reasonable times upon advance notice to Developer in order for SHA to periodically inspect the Development and the progress thereof.
4. Cause the construction and completion of each phase of the Development (exclusive of public infrastructure construction) in accordance with the Development Schedule and the Development Budget.
5. Monitor the performance of all persons and entities that are to provide materials, equipment or services to a Development Project and taking such actions as are necessary to maintain adherence to customary quality standards, safety standards, production schedules, shipping dates, and job-site requirements.
6. Monitor the approved construction budget. The Developer shall develop and submit to SHA monthly cash flow reports and forecasts showing actual costs for activities in process and estimates for uncompleted work. Monitoring, reviewing and certifying construction draw schedules.
7. Submit written construction progress reports to SHA monthly, in such form as may be reasonably required.
8. Upon substantial completion and 10 months after substantial completion of a phase of the Development, the Developer and the architect shall inspect the work to determine and record the condition of the work. The Developer shall notify SHA of such inspection and shall allow SHA representatives to accompany it on any such inspection. The Developer shall require the construction contractor to replace or correct faulty work in accordance with the terms of the applicable construction contract.
9. Require the construction contractor to provide on the completed improvements and work warranties of good title to the work and workmanship. The warranties shall continue for a period of not less than one year from the date of final acceptance of the work.
10. Implement quality assurance and control measures to ensure effective performance by all parties working on a Development Project.

11. Perform all such other Construction Services which Developer determines are reasonably necessary in connection with a Development Project.

EXHIBIT G

SHA ACTIVITIES

1. Provide the Developer with all necessary information to assure timely and orderly progress of a Development Project.
2. Undertake all necessary actions to secure or assist the Developer in securing approval from HUD, SCSHFDA, the City of Spartanburg or other local governmental bodies for all activities related to a Development Project.
3. Review matters submitted by Developer and advise Developer, if required, of its approval or of why its approval is being withheld.
4. Provide to the Developer all relevant information regarding the area of the Development in the possession of SHA, including zoning, utility locations, demographics, topography, land ownership, environmental studies, soil conditions, etc.
5. Provide all relevant information and prepare documents required, including financial information and previous experience, which may be necessary to obtain investor approval of SHA as a managing member of an Owner Entity.
6. Prepare all necessary disposition applications for submission to HUD and secure HUD approval of disposition as required for each phase.
7. Undertake relocation of residents necessitated by disposition and/or rehabilitation of existing housing (Garden Apartments) included in the Development and pay all costs for relocation.
8. Prepare all HUD documents related to the Rental Assistance Demonstration (RAD) conversion; upload and manage the RAD Resource Desk requirements; secure the RCC and prepare all necessary documents to effectuate the RAD closing.
9. Provide Rental Assistance Demonstration Project Based Vouchers and/or SHA Project Based Vouchers as negotiated under the agreed upon financing plans for each Development.
10. Provide the necessary subdivision of lots on the site and corresponding legal descriptions as necessary to execute the Ground Lease for each phase.
11. Provide secondary financing as negotiated under the agreed upon Financing Plans for each phase of the Development.
12. Provide all SHA closing documents including opinions of counsel and all HUD RAD documents to assure timely Closing on each phase of the development.
13. Perform all other obligations of SHA as set forth in this Agreement.

EXHIBIT H

INSURANCE REQUIREMENTS

The Developer shall cause the appropriate entity, at that entity's expense, to maintain and keep in force the following insurance:

A. General Liability including bodily injury and property damage:

\$2,000,000 General Aggregate Limit
\$2,000,000 Products & Completed Operations Aggregate Limit
\$2,000,000 Per Occurrence
\$1,000,000 Personal Liability & Advertising Liability Insurance
\$300,000 Fire/Legal Liability
\$10,000 Medical Expense

Endorsement: Designated Construction Project General Aggregate Limit, including contractual liability.

B. Excess and Umbrella Liability:

\$5,000,000 Per Occurrence
\$10,000,000 Aggregate
Endorsement: Designated Construction Project General Aggregate Limit

C. Workers Compensation and Employers Liability:

\$500,000 Each Accident
\$500,000 Disease-Policy Limit
\$500,000 Disease-Each Employee

D. Builders Risk:

(1) The Developer shall have "All Risk" insurance against loss or damage by fire, flood and such other risks and matters, including without limitation, business interruption, rental loss, public liability, and boiler damage and liability. The amount of such insurance will not be less than 100% of the full replacement value of the Development, including the cost of debris removal, without deduction for depreciation. The deductible shall not be in excess of \$10,000.

(2) All contractors, sub-contractors should provide proof they have a Builders Risk/Installation Floater in place with limits not less than the cost of their portion of the job/contract.

(3) Riggers Liability: Limit of Liability \$2,000,000 Aggregate/\$1,000,000 Per Occurrence if the contractor or sub-contractor's operation include rigging.

Endorsement: Designated Construction Project General Aggregate Limits.

E. Business Automobile Liability - \$1,000,000

F. Professional Liability - \$1,000,000. Additionally, the following contractors must be required to provide \$1,000,000 of professional liability coverage:

- (1) Engineers
- (2) Architects; and
- (3) Attorneys

G. Employee Dishonesty Policy - \$400,000

H. The Developer's insurance shall include the following:

- (1) Waiver of subrogation all liability policies.
- (2) Hold Harmless Agreement covering SHA, and all successors and assigns, commissions, officers, directors, agents, lessees, employees and authorized representatives.
- (3) All Carriers should be "A" rated by AM Best.

All policies of insurance (other than professional liability) must be made on an occurrence basis.

EXHIBIT I

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

NHPF-SC DEVELOPER, LLC, a South
Carolina limited liability company

By: The NHP Foundation, a District of
Columbia non-profit corporation

By: _____
Name: _____
Title: _____

EXHIBIT J

FORM PRE-DEVELOPMENT LOAN AGREEMENT

PREDEVELOPMENT LOAN AGREEMENT

This Predevelopment Loan Agreement ("**Agreement**") is entered into effective July __, 2018, by and between the **HOUSING AUTHORITY OF THE CITY OF SPARTANBURG, SC**, a South Carolina body corporate and politic ("**SHA**"), and **NHPF-SC Developer, LLC**, a South Carolina limited liability company ("**NHP**") (collectively the "**Parties**").

RECITALS

- A. On June 13, 2017, a Request for Qualification ("**RFQ**") was issued by SHA seeking Development Partners for the redevelopment of SHA's RAD Portfolio, said redevelopment to consist of various phases or components which are intended to result in the RAD conversion of: 150 existing units at Archibald Rutledge Tower, 100 existing units at Prince Hall, 96 existing units at Camp Croft, 80 existing units at Victoria Gardens, and 50 existing units at Archibald Village, and other site and related improvements, each referred to herein as a "**Development**" or collectively the "**Developments**."
- B. NHP was selected to partner with SHA in the redevelopment of the Developments.
- C. In November 2017, SHA's Board of Commissioners and NHP entered into an Early Start Agreement to commence work on the RAD Portfolio Conversion.
- D. SHA and NHP have, contemporaneous with this Agreement, entered into a Master Development Agreement pursuant to which SHA has agreed to provide financial assistance to assist NHP in performing predevelopment tasks associated with the Developments, including but not limited to planning, architectural design work and site engineering work ("**Predevelopment Work**").

NOW, THEREFORE, in consideration of the above recitals and the mutual promises and covenants set forth in this Agreement, and intending to be legally bound, the Parties agree as follows:

ARTICLE 1

LOAN PROVISIONS

Section 1.1 Loans. Subject to the terms and conditions of this Agreement, SHA agrees to make, and NHP agrees to accept, loans for predevelopment activities for the Developments in the principal amount not to exceed \$150,000 per Development ("Loan" or "Loans"), each Loan to be evidenced by the Promissory Note attached hereto as Exhibit A.

Section 1.2 Interest.

(a) Subject to the provisions of Section 1.2(b) below, any amount advanced under the Loan shall not bear interest.

(b) In the event of Default by NHP that remains uncured after expiration of the

applicable cure period, SHA may at its option declare that the amount of the Loan shall be immediately due and payable, and shall bear interest per annum at the lesser of the Applicable Federal Rate on the day of execution, plus 3%, or the maximum rate permitted by law, which shall accrue beginning as of the date of Default and continue until such time as the Loan funds are repaid in full. In this regard, payments received from NHP shall be applied first to interest accrued and the remaining balance, if any, to principal.

Section 1.3 Use of Loan Funds. NHP shall use the Loan funds to reimburse a portion of the predevelopment costs of the Development, consistent with the Approved Predevelopment Budget attached hereto as Exhibit C. NHP shall not use the Loan funds for any other purpose. SHA will advance to NHP funds for 50% of third-party costs attributable to the Development, as incurred. Reimbursable costs will be limited to items and amounts shown on the Approved Predevelopment Budget and any such amendment of the Predevelopment Budget as approved by SHA. Third-party costs which may be reimbursed hereunder are limited to those costs permitted under the HUD Cost-Control Guidelines and made available for advance by HUD in a pre-development budget, unless SHA shall determine in its sole discretion to advance other funds.

Section 1.4 Term. The Loan shall have a term (“**Term**”) which commences on the date of this Agreement and expires on the earlier of:

(a) the date of initial disbursement of SHA’s construction/permanent loan for the Development, unless earlier terminated in accordance herewith;

(b) Within fifteen (15) business days from the date on which NHP advises SHA in writing that it has abandoned the Development;

(c) the date on which the MDA is terminated, by action of either party, after the exhaustion of any cure provisions provided for therein; or

(d) the occurrence of initial closing on a Development pursuant to the MDA (subsections i-iv, collectively, “Termination Date”)

Section 1.5 Repayment of Loans. All principal and interest, if any, on the Loan shall, at the option of SHA, be due and payable upon the occurrence of a Default or upon the expiration of the Term.

Section 1.6 Security. NHP shall secure its obligation to repay the Loan evidenced by the Note by executing the Assignment attached hereto as Exhibit B. Delivery to SHA of all Agreements, Plans and Specifications, and Land Use Approvals (as defined in the Assignment), and all work product under the Agreements which has been paid for in whole or part by the Loan, shall constitute repayment in full of the Loan and satisfaction in full of the Note.

Section 1.7 Conditions Precedent to Disbursement. SHA shall not be obligated to make any disbursements of Loan proceeds or take any other action under the Loan Documents unless the following conditions precedent are satisfied prior to each such disbursement of the Loan:

(a) There exists no Default nor any act, failure, omission or condition that would constitute an event of Default under this Agreement;

(b) NHP has executed and delivered to SHA all documents and instruments required under the Loan Documents, including the Note and the Assignment;

- (c) Submission of a draw request acceptable to SHA as set forth below.

Section 1.8 Disbursement of Proceeds of Loan. The proceeds of the Loan shall be disbursed as the work to be paid for by such Loan proceeds is performed. NHP shall submit a draw request to SHA not more frequently than one time each calendar month. The draw request shall be in a form containing sufficient detail and with sufficient supporting documentation to permit SHA to confirm that the work to be funded by the draw request has been performed and that SHA may accept such work in accordance with the guidelines established by HUD for disbursement of the Loan proceeds. SHA will disburse the Loan proceeds under each draw request within ten (10) business days after receipt of a properly completed draw request with all necessary supporting documentation.

Section 1.9 Prepayment of Loan. NHP shall have the right to prepay the Loan at any time, without penalty.

ARTICLE 2

PREDEVELOPMENT

Section 2.1 Predevelopment Activities. Subject to the Pre-Development Budget, NHP shall use the Loan proceeds only to perform the Predevelopment Work in accordance with all applicable provisions of this Agreement.

Section 2.2 Work Product. Within thirty days of receipt, NHP shall provide to SHA copies of any work product funded in whole or in part from proceeds of the Loan, including without limitation designs, plans and specifications, shop drawings, reports, studies, land use approvals, building permits, and other governmental approvals of any nature obtained for the Development, including in all cases subsequent amendments and supplements thereto (collectively, the “*Work Product*”).

Section 2.3 Periodic Reports. NHP shall submit monthly expenditure reports, including, but not limited to, receipts indicating payments made and amounts owing to contractors creating or supplying Loan work product. Disbursement requests shall be accompanied by invoices or receipts evidencing the costs incurred or expended by NHP in the preceding month. At the request of SHA, NHP shall provide SHA with copies of contracts, work product, satisfactory documentation evidencing the payment of expenses previously funded by SHA, or other documentation reasonably necessary to SHA to assure itself that requested advances are for costs appropriately reimbursed under this Agreement and that no default exists under either agreement.

ARTICLE 3

LOAN REQUIREMENTS

Section 3.1 Books and Records. NHP shall keep and maintain books, records and other documents relating directly to the receipt and disbursement of the Loan funds for a period of at least thirty-six (36) months after the Termination Date. Any duly authorized representative of SHA, the Secretary or the Comptroller General of the United States shall, at all reasonable times and upon reasonable notice during said period, have access to and the right to inspect, copy, audit, and examine all such books, records and other documents of NHP directly related to the receipt and disbursement of Loan funds until the completion of all close-out procedures between HUD and SHA respecting the Loan funds. Upon receipt of a written request from SHA, NHP shall provide to SHA all information within its control necessary for SHA to satisfy any reporting obligations of SHA to HUD. Such information shall be provided to SHA within five (5) business days of such request or within such longer time as may be practical under the circumstances.

Section 3.2 HUD Requirements. NHP shall comply with all applicable requirements of the HUD relating to the Loan funds.

Section 3.3 No Assignment of SHA's Rights. No transfer of Loan funds to NHP shall be or be deemed an assignment of SHA's rights to the Loan funds. NHP shall not succeed to any rights, benefit or advantages of SHA under the Annual Contributions Contract between HUD and SHA, nor attain any rights, privileges, authorities or interests in or under the Annual Contributions Contract.

Section 3.4 Noninvolvement of Secretary. Nothing contained in this Agreement, nor any act of the Secretary of the US Department of Housing and Urban Development ("**Secretary**"), SHA, or NHP, shall be deemed or construed by the Secretary, SHA, or NHP, or any third person, to create any relationship of third-party beneficiary, principal and agent, limited or general liability company, joint venture, or any association or relationship involving the Secretary or SHA.

Section 3.5 Transfer. For purposes of this Agreement, "**Transfer**" shall mean any sale, assignment, or transfer, whether voluntary or involuntary, of (i) any rights and/or duties under this Agreement, and/or (ii) the interest of NHP in or under the MDA (once executed). No Transfer shall be permitted without the prior written consent of SHA, which SHA may withhold in its reasonable discretion. The Loan shall automatically accelerate and be due in full upon any unauthorized Transfer.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF NHP

Section 4.1 Representations and Warranties. NHP hereby represents and warrants to SHA as follows:

(a) Organization. NHP is duly organized and validly existing in the State of South Carolina and is authorized to conduct business in the State of South Carolina and has the power and authority to own its property and carry on its business as now being conducted.

(b) Authority of NHP. NHP has full power and authority to execute and deliver this Agreement and to make and accept the borrowings contemplated hereunder, to execute and deliver SHA Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, and to perform and observe the terms and provisions of all of the above.

(c) Authority of Persons Executing Documents. This Agreement and the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement have been executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of NHP, and all actions required under NHP's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, have been duly taken (to the extent such actions are required as of the date of execution and delivery of the above-named documents).

(d) Valid and Binding Agreements. This Agreement and the Loan Documents and all other documents or instruments which have been executed and delivered pursuant to or in

connection with this Agreement constitute or, if not yet executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations of NHP enforceable against it in accordance with their respective terms, subject to the laws affecting creditors rights and principles of equity.

(e) No Breach of Law or Agreement. Neither the execution nor delivery of this Agreement and the Loan Documents or of any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Agreement, nor the performance of any provision, condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency whatsoever binding on NHP, or any provision of the organizational documents of NHP, or will conflict with or constitute a breach of or a default under any agreement to which NHP is a party, or will result in the creation or imposition of any lien upon any assets or property of NHP, other than liens established pursuant hereto.

(f) Pending Proceedings. NHP is not in default under any law or regulation or under any order of any court, board, commission or agency whatsoever, and there are no claims, actions, suits or proceedings pending or, to the knowledge of NHP, threatened against or affecting NHP or the Development, at law or in equity, before or by any court, board, commission or agency whatsoever which might, if determined adversely to NHP, materially affect NHP's ability to repay the Loan or impair the security to be given to SHA pursuant hereto.

ARTICLE 5

DEFAULT AND REMEDIES

Section 5.1 Events of Default. Each of the following shall constitute a "Default" by NHP under this Agreement:

(a) Failure to Make Payment. Failure to repay the principal and any interest on the Loan within ten (10) days of receipt of written notice from SHA that such payment is due pursuant to the Loan Documents.

(b) Breach of Covenants. Failure by NHP to duly perform, comply with, or observe any of the conditions, terms, or covenants of any of the Loan Documents, or the occurrence of an Event of Default under the MDA (once executed), and such failure having continued uncured for thirty (30) days after receipt of written notice thereof from SHA to NHP or, if the breach cannot be cured within thirty (30) days, NHP shall not be in breach so long as NHP demonstrates to SHA's reasonable satisfaction that it is undertaking to cure such breach and such breach is cured within sixty (60) days.

(c) Insolvency. A court having jurisdiction shall have made or entered any decree or order (i) adjudging NHP to be bankrupt or insolvent, (ii) approving as properly filed a petition seeking reorganization of NHP or seeking any arrangement for NHP under the bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (iii) appointing a receiver, trustee, liquidator, or assignee of NHP in bankruptcy or insolvency or for any of their properties, or (iv) directing the winding up or liquidation of NHP, if any such decree or order described in clauses (i) to (iv), inclusive, shall have continued unstayed or undischarged for a period of ninety (90) days; or NHP shall have admitted in writing its inability

to pay its debts as they fall due or shall have voluntarily submitted to or filed a petition seeking any decree or order of the nature described in clauses (i) to (iv), inclusive. The occurrence of any of the events of Default in this paragraph shall act to accelerate automatically, without the need for any action by SHA, the indebtedness evidenced by the Note.

(d) Assignment; Attachment. NHP shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within ninety (90) days after such event or, if sooner, prior to sale pursuant to such sequestration, attachment, or execution. The occurrence of any of the events of default in this paragraph shall act to accelerate automatically, without the need for any action by SHA, the indebtedness evidenced by the Note.

(e) Suspension; Termination. NHP shall have voluntarily suspended its business or shall have been dissolved or terminated.

(f) Unauthorized Transfer. Any Transfer other than as permitted by Section 3.5.

(g) Remedies. The occurrence of any event which would constitute a Default hereunder upon expiration of a specified time period or following the expiration of all applicable notice and cure periods will, either at the option of SHA or automatically where so specified, relieve SHA of any obligation to make further advances under the Loan unless and until cure of the Default. Following the expiration of all such specified time periods and applicable notice and cure periods, SHA shall have the right to proceed with any and all remedies set forth in this Agreement and the Loan Documents, including but not limited to cause all indebtedness of NHP to SHA under this Agreement and the Note, together with any accrued interest thereon, to become immediately due and payable. NHP waives all right to presentment, demand, protest or notice of protest or dishonor.

(h) Specific Performance. SHA shall have the right to mandamus or other suit, action or proceeding at law or in equity to require NHP to perform its obligations and covenants under the Loan Documents or to enjoin acts or things which may be unlawful or in violation of the provisions of the Loan Documents.

Section 5.2 Right of Contest. NHP shall have the right to contest in good faith any claim, demand, levy, or assessment the assertion of which would constitute a Default hereunder. Any such contest shall be prosecuted diligently and in a manner unprejudicial to SHA or the rights of SHA hereunder.

Section 5.3 Remedies Cumulative. No right, power, or remedy given to SHA by the terms of this Agreement or the Loan Documents is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given to SHA by the terms of any such instrument, or by any statute or otherwise against NHP and any other person. Neither the failure nor any delay on the part of SHA to exercise any such rights and remedies shall operate as a waiver thereof, nor shall any single or partial exercise by SHA of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

Section 5.4 Non-Recourse Nature of Loan Notwithstanding anything herein to the contrary, NHP's

liability under any Note shall only extend to collateral given to secure the Loan, as stated in Section 1.6, and SHA shall not thereafter enforce such liability against any other asset, property or funds of NHP or any member of NHP; provided, however, the foregoing shall not: (a) impair the right of SHA to bring suit and obtain personal, recourse judgments against any person or entity (including NHP or any member of NHP) relating to any losses sustained by SHA in connection with any fraud or intentional misrepresentation; (b) affect the validity or enforceability of, or impair the right of SHA to bring suit and obtain personal, recourse judgments against any person or entity (including NHP or any person or entity constituting NHP) to enforce any guaranty, indemnity or release of liability made by such person or entity; or (c) impair the enforcement of the Assignment executed in connection herewith.

ARTICLE 6

GENERAL PROVISIONS

Section 6.1 Relationship of Parties. Nothing contained in this Agreement shall be interpreted or understood by any of the Parties, or by any third persons, as creating the relationship of employer and employee, principal and agent, limited or general liability company, or joint venture between SHA and NHP or its agents, employees or contractors, and NHP shall at all times be deemed an independent contractor and shall be wholly responsible for the manner in which it or its agents, or both, perform the services required of it by the terms of this Agreement. NHP has and retains the right to exercise full control of employment, direction, compensation, and discharge of all persons assisting in the performance of services under the Agreement. NHP shall be solely responsible for its own acts and those of its agents and employees.

Section 6.2 No Claims. Nothing contained in this Agreement shall create or justify any claim against SHA by any person that NHP may have employed or with whom NHP may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the Development, and NHP shall include similar requirements in any contracts entered into with respect to the Development.

Section 6.3 Amendments. No alteration or variation of the terms of this Agreement shall be valid unless made in writing by the Parties.

Section 6.4 Indemnification. NHP shall indemnify, defend and hold SHA, its commissioners, officers, employees, agents, successors, assigns and assets harmless against all claims (to include liens or similar claims) made against it and expenses (including reasonable attorneys' fees actually incurred) which arise out of or in connection with NHP's activities under this Agreement, except to the extent such claim arises from the grossly negligent or willful misconduct of SHA, its board members, officers, employees, agents, successors and assigns. The provisions of this Section 6.4 shall survive the expiration of the Term.

Section 6.5 Non-Liability of SHA Commissioners, Officials, Employees and Agents. No commissioner, official, employee or agent of SHA shall be personally liable to NHP in the event of any default or breach by SHA or for any amount which may become due to NHP or its successor or on any obligation under the terms of this Agreement.

Section 6.6 No Third-Party Beneficiaries. There shall be no third-party beneficiaries to this Agreement.

Section 6.7 Conflict of Interest.

(a) No person described in Section 6.7(b) below who exercises or has exercised any functions or responsibilities with respect to the activities funded pursuant to this Agreement or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during, or at any time after, such person's tenure. NHP and SHA shall exercise due diligence to ensure that the prohibition in this Section 6.7(a) is followed.

(b) The conflict of interest provisions of Section 6.7(a) above apply to any person who is an employee, agent, consultant, officer, or any immediate family member of such person, or any elected or appointed official of SHA, or any person related within the third (3rd) degree of such person.

Section 6.8 Notices, Demands and Communications. Formal notices, demands, and communications between the Parties shall be sufficiently given if and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered by express delivery service, return receipt requested, or delivered personally, to the principal office of the Parties as follows:

If to the Developer:

NHPF-SC Developer, LLC
1090 Vermont Ave., Suite 400
Washington, DC 2005
Attn:

With a copy to:

Jeffrey D. Salzer, Esq.
Kelliher & Salzer, LLC
101 W. Robert E. Lee Blvd., Suite 304
New Orleans, LA 70124

If to SHA:

Terril Bates, Chief Executive Officer
Housing Authority of the City of Spartanburg, SC
2271 S. Pine Street
Spartanburg, SC 29302

With a copy to:

Bo Campbell, Esq.
Horton Law Firm, PA
307 Pettigru Street
Greenville, SC 29601

All such notices and other communications shall be deemed given on the date of personal or local courier delivery, delivery to overnight courier or express delivery service, or deposit in the United States Mail, and shall be deemed to have been received (i) in the case of personal or local courier delivery, on the date of such delivery, (ii) in the case of delivery by overnight courier or express delivery service, on the date following dispatch, and (iii) in the case of mailing, on the date specified in the return receipt therefor.

Section 6.9 Applicable Law. This Agreement shall be governed by South Carolina law.

Section 6.10 Contingent Obligation of SHA. Notwithstanding anything herein contained to the contrary, it is understood and agreed that SHA shall have absolutely no obligations under the terms of this

Agreement unless and until HUD makes the HUD Funds available to SHA.

Section 6.11 Parties Bound. Except as otherwise limited herein, the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their heirs, executors, administrators, legal representatives, successors, and assigns.

Section 6.12 Attorneys' Fees. If any lawsuit is commenced to enforce any of the terms of this Agreement, the prevailing party will have the right to recover its reasonable attorneys' fees and costs of suit from the other party.

Section 6.13 Severability. If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 6.14 Force Majeure. In addition to specific provisions of this Agreement, performance by either party shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; quarantine restrictions; freight embargoes; lack of transportation; or court order; or any other similar causes (other than lack of funds of NHP or NHP's inability to finance the construction of the Development) beyond the control or without the fault of the party claiming an extension of time to perform. An extension of time for any cause will be deemed granted if notice by the party claiming such extension is sent to the other within ten (10) days from the commencement of the cause and such extension of time is not rejected in writing by the other party within ten (10) days of receipt of the notice. In no event shall SHA be required to agree to cumulative delays in excess of one hundred eighty (180) days.

Section 6.15 SHA Approval. Whenever this Agreement calls for SHA approval, consent, or waiver, the written approval, consent, or waiver of the Chief Executive Officer of SHA shall constitute the approval, consent, or waiver of SHA and may be relied upon by NHP. NHP recognizes that the Chief Executive Officer may determine that he requires further Board authorization before issuing any approval, consent or waiver.

Section 6.16 Waivers. Any waiver by SHA of any obligation or condition in this Agreement must be in writing. No waiver will be implied from any delay or failure by SHA to take action on any breach or default of NHP or to pursue any remedy allowed under this Agreement or applicable law. Any extension of time granted to NHP to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by SHA to any act or omission by NHP shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for SHA's written consent to future waivers.

Section 6.17 Title of Parts and Sections. Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any part of the Agreement's provisions.

Section 6.18 Entire Understanding of the Parties. This Agreement constitutes the entire understanding and agreement of the Parties with respect to the Loan.

Section 6.19 Multiple Originals; Counterpart. This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

Section 6.20 Jury Trial Waiver. To the extent permitted by applicable law, NHP and SHA hereby acknowledge and agree that any and all claims arising out of, connected with, or relating to this Agreement or the relationship created hereby are matters which should be adjudicated by a court without a jury. Therefore the Parties hereby waive a trial by a jury. Neither SHA nor NHP or any successor thereof shall seek a trial by jury in any action or proceeding (whether at law or in equity, whether direct or collateral, whether in contract or in tort) arising out of or related to this Agreement or the relationship created hereby. Neither SHA nor NHP shall seek to consolidate any action or proceeding in which trial by jury has been waived with any other action or proceeding in which a jury trial cannot be or has not been waived. The provisions of this section cannot be and have not been waived. The provisions of this section have been fully discussed by the Parties and their respective attorneys and the provisions hereof shall be subject to no exceptions. SHA and NHP acknowledge and agree that no one, including, without limitation, SHA's agents or contractors, has represented that the provisions of this section or of any other section of this Agreement will not be fully enforced.

(Signature Page Follows)

**SIGNATURE PAGE TO
PREDEVELOPMENT LOAN AGREEMENT**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

**HOUSING AUTHORITY OF THE CITY OF
SPARTANBURG, SC**

By: _____
Name: Terril Bates
Title: Chief Executive Officer

NHPF-SC DEVELOPER, LLC, a South
Carolina limited liability company

By: The NHP Foundation, a District of Columbia
non-profit corporation

By: _____
Name: _____
Title: _____

EXHIBIT A
PREDEVELOPMENT LOAN PROMISSORY NOTE
(Cost Reimbursement)

\$150,000

_____, **2018**

FOR VALUE RECEIVED, **NHPF-SC DEVELOPER, LLC**, a South Carolina limited liability company (the "**NHP**"), promises to pay to the **Housing Authority of the City of Spartanburg, SC** (the "**SHA**"), the principal sum of One Hundred Fifty Thousand and No/00 dollars (\$150,000.00) (or so much as has been disbursed), plus interest thereon pursuant to Section 2 below.

1. **NHP's Obligation.** This promissory note (the "**Note**") evidences NHP's obligation to pay SHA such sums as have been disbursed to NHP by SHA to finance predevelopment expenses in connection with _____ (the "**Development**") pursuant to the Predevelopment Loan Agreement between NHP and SHA of even date herewith (the "**Loan Agreement**"). All capitalized terms not otherwise defined in this Note shall have the meanings set forth in the Loan Agreement.

2. **Interest.** Any amount advanced under the Loan shall bear no interest; provided, however, that in an Event of Default, any sums outstanding shall bear interest at the lesser of the short-term AFR on the day of execution, plus 3%, or the maximum rate permitted by law, which shall accrue beginning as of the date of Default and continuing until such time as the Loan funds are repaid in full or the Default is cured

3. **Term and Repayment Requirements.** This Note shall be payable in full upon first disbursement of proceeds from a construction/permanent loan to an entity owning a Development sufficient to pay all amounts due hereunder, or as otherwise provided in the Loan Agreement.

4. **No Assumption.** This Note shall not be assumable by the successors and assigns of NHP without the prior written consent of SHA.

5. **Security.** This Note is secured by an Assignment of Agreements, Plans and Specifications and Approvals of even date herewith.

6. **Terms of Payment.**

(a) All payments due under this Note shall be paid in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

(b) All payments on this Note shall be paid to The Housing Authority of the City of Spartanburg, SC, Attention: Chief Executive Officer, or to such other place as SHA may from time to time designate in writing.

(c) Notwithstanding any other provision of this Note, or any instrument securing the obligations of NHP under this Note, if, for any reason whatsoever, the payment of any sums by NHP pursuant to the terms of this Note would result in the payment of interest which would exceed the amount that SHA may legally charge under the laws of the State of South Carolina, then the amount by which payments exceeds the lawful interest rate shall automatically be deducted from the principal balance owing on this Note, so that in no event shall NHP be obligated under the terms of this Note to pay any interest which would exceed the lawful rate.

7. **Default.**

(a) Any of the following shall constitute an Event of Default under this Note:

(i) Any failure to pay, in full, any payment required under this Note when due (or to deliver all things secured by the Assignment, in accordance with Section 1.5 of the Loan Agreement) following written notice by SHA of such failure and ten (10) days opportunity to cure;

(ii) Any failure in the performance by NHP of any term, condition, provision or covenant set forth in this Note and such failure having continued uncured for thirty (30) days after receipt of written notice thereof from SHA to NHP or, if the breach cannot be cured within thirty (30) days, NHP shall not be in breach so long as NHP demonstrates to SHA's reasonable satisfaction that it is undertaking to cure such breach and such breach is cured within sixty (60) days; provided, however, that if a different period or notice requirement is specified under any other section of this Note or the Loan Agreement, the specific provisions shall control; and

(iii) The occurrence of any Event of Default under the Loan Agreement, or other instrument securing the obligations of NHP under this Note or under any other promissory notes hereafter issued by NHP to SHA pursuant to the Loan Agreement subject to notice and cure periods, if any, set forth therein;

(b) Upon the occurrence of such an Event of Default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note shall at the option of SHA become immediately due and payable upon written notice by SHA to NHP without further demand.

(c) The failure to exercise the remedy set forth in Subsection 7(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by SHA of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of SHA, except as and to the extent otherwise provided by law.

8. Waivers.

(a) Except for the notice and cure provisions stated in this Note, NHP hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, and notice of dishonor of this Note. NHP expressly agrees that this Note or any payment hereunder may be extended from time to time, and that SHA may accept further security or release any security for this Note, all without in any way affecting the liability of NHP.

(b) No extension of time for payment of this Note or any installment hereof made by agreement by SHA with any person now or hereafter liable for payment of this note shall operate to release, discharge, modify, change or affect the original liability of NHP under this Note, either in whole or in part.

(c) The obligations of NHP under this Note shall be absolute and NHP waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reason whatsoever.

9. Nonrecourse Provisions. NHP's liability under this Note shall only extend to collateral given to secure the Loan, and SHA shall not thereafter enforce such liability against any other asset, property or funds of NHP or any member of NHP; and pursuant to the assignment agreement attached; provided, however, the foregoing shall not: (a) impair the right of SHA to bring suit and obtain personal, recourse judgments against any person or entity (including NHP or any member of NHP) relating to any losses

sustained by SHA in connection with any fraud or intentional misrepresentation; (b) affect the validity or enforceability of, or impair the right of SHA to bring suit and obtain personal, recourse judgments against any person or entity (including NHP or any person or entity constituting NHP) to enforce any guaranty, indemnity or release of liability made by such person or entity; or (c) impair the enforcement of the Assignment of Plans and Specifications executed in connection herewith

10. Miscellaneous Provisions.

(a) All notices to SHA or NHP shall be given in the manner and at the addresses set forth in the Loan Agreement, or to such addresses as SHA and NHP may hereinafter designate.

(b) NHP promises to pay all costs and expenses, including reasonable attorney's fees, incurred by SHA in the enforcement of the provision of this Note, regardless of whether suit is filed to seek enforcement.

(c) This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

(d) This Note shall be governed by and construed in accordance with the laws of the State of South Carolina.

(e) The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

(f) This document, together with the Loan Documents, contains the entire agreement between the parties as to the Loan. It may not be modified except upon written consent of the parties.

IN WITNESS WHEREOF, the said NHP, intending this Note to take effect as an instrument under seal and intending to be legally bound, has caused these presents to be duly executed the day and year first above written.

NHPF-SC DEVELOPER, LLC, a South
Carolina limited liability company

By: The NHP Foundation, a District of Columbia
non-profit corporation

By: _____
Name: _____
Title: _____

EXHIBIT B
ASSIGNMENT OF AGREEMENTS, PLANS AND SPECIFICATIONS, AND APPROVALS

This Assignment Agreement (the "**Assignment**") is entered into as of the ____ day of _____, 2018, by and between the **HOUSING AUTHORITY OF THE CITY OF SPARTANBURG, SC** (the "**Assignee**") and **NHPF-SC DEVELOPER, LLC**, a South Carolina limited liability company (the "**Assignor**"), with reference to the following facts:

RECITALS

A. Pursuant to the terms of the Predevelopment Loan Agreement dated of even date herewith by and between Assignor and Assignee (the "**Predevelopment Loan Agreement**"), Assignee has made a cost reimbursement loan to Assignor ("**Loan**") to assist in the redevelopment of _____ (the "Development").

B. As security for the Loan, Assignor desires to assign to Assignee, and Assignee desires to accept from Assignor, the assignment of Assignor's right, title, and interest in and under certain agreements and contracts incurred by Assignor in connection with the Development.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties mutually agree as follows:

TERMS

1. Assignment by Assignor. Assignor hereby assigns and delegates to Assignee, and Assignee hereby accepts from Assignor, all of Assignor's right, title, and interest in and obligations under the following agreements and contracts:

a. All architectural, design, construction, engineering, and consulting contracts, and any and all amendments, modifications, supplements, addenda, and general conditions thereto (collectively, the "**Agreements**"), heretofore or hereafter entered into by any Contractor (as defined below), provided that such Agreements are funded in whole or in part from proceeds of the Loan;

b. All plans and specifications, shop drawings, working drawings, reports, studies, amendments, modifications, changes, supplements, general conditions, addenda, and work product thereto (collectively, the "**Plans and Specifications**") heretofore or hereafter prepared by any Contractor (as defined below) provided that such Plans and Specifications are funded in whole or in part from proceeds of the Loan; and

c. All land use approvals, building permits, and other governmental approvals of any nature obtained for the Development (collectively, the "**Land Use Approvals**") provided that such Land Use Approvals are funded in whole or in part from proceeds of the Loan.

For purposes of this Assignment, the term "**Contractor**" means any architect, contractor, engineer, consultant, or other person or entity entering into Agreements with the Assignor and/or preparing Plans and Specifications for Assignor with respect to the Development.

2. Purpose. This Assignment is made to secure: (i) payment to Assignee of all sums now or hereafter owing under the Note evidencing the Loan, dated concurrently herewith and made by Assignor to the order of Assignee, and any and all additional advances, modifications, extensions, renewals, and amendments thereof; and (ii) payment and performance by Assignor of all its obligations under the Predevelopment Loan Agreement. Delivery of collateral is subject to payment by Assignee of any remaining balance of the cost

of such collateral that is not covered by the Loan.

3. No Assumption of Obligations. Assignee does not assume any of Assignor's obligations or duties under the Agreements or concerning the Plans and Specifications and Land Use Approvals, including, but not limited to, the obligation to pay for the preparation of the Plans and Specifications, until and unless Assignee shall exercise its rights under this Assignment.

4. Attorney-In-Fact. Assignor hereby irrevocably appoints Assignee as its attorney-in-fact, which power is coupled with an interest, so that Assignee shall have the right, upon the occurrence of a Default by Assignor (after notice and opportunity to cure) under and as defined in Section 5.1 of the Predevelopment Loan Agreement, to demand, receive, and enforce any and all of Assignor's rights with respect to the Agreements, Plans and Specifications, and Land Use Approvals, and to perform any and all acts in the name of Assignor or in the name of Assignee with the same force and effect as if performed by Assignor in the absence of this Assignment.

5. No Previous Assignment. Assignor represents and warrants to Assignee that no previous assignment(s) of its rights or interest in or to the Agreements, Plans and Specifications, and/or Land Use Approvals, has or have been made, and Assignor agrees not to assign, sell, pledge, transfer, mortgage, or hypothecate its rights or interest therein (without the written approval of Assignee's Executive Director) so long as Assignee holds or retains any security interest therein under the Predevelopment Loan Agreement.

6. Governing Law. This Assignment shall be governed by the laws of the State of South Carolina except to the extent that federal laws preempt the laws of the State of South Carolina, and Assignor consents to the jurisdiction of any federal or state court within the State of South Carolina having proper venue for the filing and maintenance of any action arising hereunder and agrees that the prevailing party in any such action shall be entitled, in addition to any other recovery, to reasonable attorneys' fees and costs.

7. Binding Upon Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, successors-in-interest, and assigns of Assignor and Assignee; provided, however, this shall not be construed and is not intended to waive the restrictions on assignment, sale, transfer, mortgage, pledge, hypothecation, or encumbrance by Assignor contained in the Predevelopment Loan Agreement.

8. Capitalized Terms. Capitalized terms used but not defined in this Assignment shall have the meanings set forth in the Predevelopment Loan Agreement.

9. Headings. Section headings contained in this Assignment are inserted as a matter of convenience and for ease of reference only and shall be disregarded for all other purposes, including the construction or enforcement of this Assignment or any of its provisions.

10. Counterparts. This Assignment may be executed in counterparts by the parties hereto, each of which shall be deemed to be an original, and all such counterparts shall constitute one and the same instrument.

ASSIGNEE:

**HOUSING AUTHORITY OF THE CITY OF
SPARTANBURG, SC**

By: _____

Name: Terril Bates

Title: Chief Executive Officer

ASSIGNOR:

NHPF-SC DEVELOPER, LLC, a South Carolina
limited liability company

By: The NHP Foundation, a District of Columbia non-
profit corporation

By: _____

Name: _____

Title: _____

**EXHIBIT C
PREDEVELOPMENT BUDGET**

PREDEVELOPMENT EXPENSE	ESTIMATED COSTS UNTIL CLOSING
Architecture	
Engineering	
Planning and Zoning Approvals	
Environmental Reports	
Geotechnical Work	
Application Fees/Due Diligence	
Reproduction Expenses	
Market Study/Appraisals	
Survey/Civil Design	
Permit Fees	
Legal	
TOTAL	

Exhibit B

PREDEVELOPMENT LOAN AGREEMENT

This Predevelopment Loan Agreement ("**Agreement**") is entered into effective July ____, 2018, by and between the **HOUSING AUTHORITY OF THE CITY OF SPARTANBURG, SC**, a South Carolina body corporate and politic ("**SHA**"), and **NHPF-SC Developer, LLC**, a South Carolina limited liability company ("**NHP**") (collectively the "**Parties**").

RECITALS

- A. On June 13, 2017, a Request for Qualification ("**RFQ**") was issued by SHA seeking Development Partners for the redevelopment of SHA's RAD Portfolio, said redevelopment to consist of various phases or components which are intended to result in the RAD conversion of: 150 existing units at Archibald Rutledge Tower, 100 existing units at Prince Hall, 96 existing units at Camp Croft, 80 existing units at Victoria Gardens, and 50 existing units at Archibald Village, and other site and related improvements, each referred to herein as a "**Development**" or collectively the "**Developments**."
- B. NHP was selected to partner with SHA in the redevelopment of the Developments.
- C. In November 2017, SHA's Board of Commissioners and NHP entered into an Early Start Agreement to commence work on the RAD Portfolio Conversion.
- D. SHA and NHP have, contemporaneous with this Agreement, entered into a Master Development Agreement pursuant to which SHA has agreed to provide financial assistance to assist NHP in performing predevelopment tasks associated with the Developments, including but not limited to planning, architectural design work and site engineering work ("**Predevelopment Work**").

NOW, THEREFORE, in consideration of the above recitals and the mutual promises and covenants set forth in this Agreement, and intending to be legally bound, the Parties agree as follows:

ARTICLE 1

LOAN PROVISIONS

Section 1.1 Loans. Subject to the terms and conditions of this Agreement, SHA agrees to make, and NHP agrees to accept, loans for predevelopment activities for the Developments in the principal amount not to exceed \$150,000 per Development ("Loan" or "Loans"), each Loan to be evidenced by the Promissory Note attached hereto as Exhibit A.

Section 1.2 Interest.

(a) Subject to the provisions of Section 1.2(b) below, any amount advanced under the Loan shall not bear interest.

(b) In the event of Default by NHP that remains uncured after expiration of the applicable cure period, SHA may at its option declare that the amount of the Loan shall be immediately due and payable, and shall bear interest per annum at the lesser of the Applicable

Federal Rate on the day of execution, plus 3%, or the maximum rate permitted by law, which shall accrue beginning as of the date of Default and continue until such time as the Loan funds are repaid in full. In this regard, payments received from NHP shall be applied first to interest accrued and the remaining balance, if any, to principal.

Section 1.3 Use of Loan Funds. NHP shall use the Loan funds to reimburse a portion of the predevelopment costs of the Development, consistent with the Approved Predevelopment Budget attached hereto as Exhibit C. NHP shall not use the Loan funds for any other purpose. SHA will advance to NHP funds for 50% of third-party costs attributable to the Development, as incurred. Reimbursable costs will be limited to items and amounts shown on the Approved Predevelopment Budget and any such amendment of the Predevelopment Budget as approved by SHA. Third-party costs which may be reimbursed hereunder are limited to those costs permitted under the HUD Cost-Control Guidelines and made available for advance by HUD in a pre-development budget, unless SHA shall determine in its sole discretion to advance other funds.

Section 1.4 Term. The Loan shall have a term (“***Term***”) which commences on the date of this Agreement and expires on the earlier of:

(a) the date of initial disbursement of SHA’s construction/permanent loan for the Development, unless earlier terminated in accordance herewith;

(b) Within fifteen (15) business days from the date on which NHP advises SHA in writing that it has abandoned the Development;

(c) the date on which the MDA is terminated, by action of either party, after the exhaustion of any cure provisions provided for therein; or

(d) the occurrence of initial closing on a Development pursuant to the MDA (subsections i-iv, collectively, “Termination Date”)

Section 1.5 Repayment of Loans. All principal and interest, if any, on the Loan shall, at the option of SHA, be due and payable upon the occurrence of a Default or upon the expiration of the Term.

Section 1.6 Security. NHP shall secure its obligation to repay the Loan evidenced by the Note by executing the Assignment attached hereto as Exhibit B. Delivery to SHA of all Agreements, Plans and Specifications, and Land Use Approvals (as defined in the Assignment), and all work product under the Agreements which has been paid for in whole or part by the Loan, shall constitute repayment in full of the Loan and satisfaction in full of the Note.

Section 1.7 Conditions Precedent to Disbursement. SHA shall not be obligated to make any disbursements of Loan proceeds or take any other action under the Loan Documents unless the following conditions precedent are satisfied prior to each such disbursement of the Loan:

(a) There exists no Default nor any act, failure, omission or condition that would constitute an event of Default under this Agreement;

(b) NHP has executed and delivered to SHA all documents and instruments required under the Loan Documents, including the Note and the Assignment;

- (c) Submission of a draw request acceptable to SHA as set forth below.

Section 1.8 Disbursement of Proceeds of Loan. The proceeds of the Loan shall be disbursed as the work to be paid for by such Loan proceeds is performed. NHP shall submit a draw request to SHA not more frequently than one time each calendar month. The draw request shall be in a form containing sufficient detail and with sufficient supporting documentation to permit SHA to confirm that the work to be funded by the draw request has been performed and that SHA may accept such work in accordance with the guidelines established by HUD for disbursement of the Loan proceeds. SHA will disburse the Loan proceeds under each draw request within ten (10) business days after receipt of a properly completed draw request with all necessary supporting documentation.

Section 1.9 Prepayment of Loan. NHP shall have the right to prepay the Loan at any time, without penalty.

ARTICLE 2

PREDEVELOPMENT

Section 2.1 Predevelopment Activities. Subject to the Pre-Development Budget, NHP shall use the Loan proceeds only to perform the Predevelopment Work in accordance with all applicable provisions of this Agreement.

Section 2.2 Work Product. Within thirty days of receipt, NHP shall provide to SHA copies of any work product funded in whole or in part from proceeds of the Loan, including without limitation designs, plans and specifications, shop drawings, reports, studies, land use approvals, building permits, and other governmental approvals of any nature obtained for the Development, including in all cases subsequent amendments and supplements thereto (collectively, the “**Work Product**”).

Section 2.3 Periodic Reports. NHP shall submit monthly expenditure reports, including, but not limited to, receipts indicating payments made and amounts owing to contractors creating or supplying Loan work product. Disbursement requests shall be accompanied by invoices or receipts evidencing the costs incurred or expended by NHP in the preceding month. At the request of SHA, NHP shall provide SHA with copies of contracts, work product, satisfactory documentation evidencing the payment of expenses previously funded by SHA, or other documentation reasonably necessary to SHA to assure itself that requested advances are for costs appropriately reimbursed under this Agreement and that no default exists under either agreement.

ARTICLE 3

LOAN REQUIREMENTS

Section 3.1 Books and Records. NHP shall keep and maintain books, records and other documents relating directly to the receipt and disbursement of the Loan funds for a period of at least thirty-six (36) months after the Termination Date. Any duly authorized representative of SHA, the Secretary or the Comptroller General of the United States shall, at all reasonable times and upon reasonable notice during said period, have access to and the right to inspect, copy, audit, and examine all such books, records and other documents of NHP directly related to the receipt and disbursement of Loan funds until the completion of all close-out procedures between HUD

and SHA respecting the Loan funds. Upon receipt of a written request from SHA, NHP shall provide to SHA all information within its control necessary for SHA to satisfy any reporting obligations of SHA to HUD. Such information shall be provided to SHA within five (5) business days of such request or within such longer time as may be practical under the circumstances.

Section 3.2 HUD Requirements. NHP shall comply with all applicable requirements of the HUD relating to the Loan funds.

Section 3.3 No Assignment of SHA's Rights. No transfer of Loan funds to NHP shall be or be deemed an assignment of SHA's rights to the Loan funds. NHP shall not succeed to any rights, benefit or advantages of SHA under the Annual Contributions Contract between HUD and SHA, nor attain any rights, privileges, authorities or interests in or under the Annual Contributions Contract.

Section 3.4 Noninvolvement of Secretary. Nothing contained in this Agreement, nor any act of the Secretary of the US Department of Housing and Urban Development ("**Secretary**"), SHA, or NHP, shall be deemed or construed by the Secretary, SHA, or NHP, or any third person, to create any relationship of third-party beneficiary, principal and agent, limited or general liability company, joint venture, or any association or relationship involving the Secretary or SHA.

Section 3.5 Transfer. For purposes of this Agreement, "**Transfer**" shall mean any sale, assignment, or transfer, whether voluntary or involuntary, of (i) any rights and/or duties under this Agreement, and/or (ii) the interest of NHP in or under the MDA (once executed). No Transfer shall be permitted without the prior written consent of SHA, which SHA may withhold in its reasonable discretion. The Loan shall automatically accelerate and be due in full upon any unauthorized Transfer.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF NHP

Section 4.1 Representations and Warranties. NHP hereby represents and warrants to SHA as follows:

(a) Organization. NHP is duly organized and validly existing in the State of South Carolina and is authorized to conduct business in the State of South Carolina and has the power and authority to own its property and carry on its business as now being conducted.

(b) Authority of NHP. NHP has full power and authority to execute and deliver this Agreement and to make and accept the borrowings contemplated hereunder, to execute and deliver SHA Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, and to perform and observe the terms and provisions of all of the above.

(c) Authority of Persons Executing Documents. This Agreement and the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement have been executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of NHP, and all actions required under NHP's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and the Loan Documents and all other documents or

instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, have been duly taken (to the extent such actions are required as of the date of execution and delivery of the above-named documents).

(d) Valid and Binding Agreements. This Agreement and the Loan Documents and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations of NHP enforceable against it in accordance with their respective terms, subject to the laws affecting creditors rights and principles of equity.

(e) No Breach of Law or Agreement. Neither the execution nor delivery of this Agreement and the Loan Documents or of any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Agreement, nor the performance of any provision, condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency whatsoever binding on NHP, or any provision of the organizational documents of NHP, or will conflict with or constitute a breach of or a default under any agreement to which NHP is a party, or will result in the creation or imposition of any lien upon any assets or property of NHP, other than liens established pursuant hereto.

(f) Pending Proceedings. NHP is not in default under any law or regulation or under any order of any court, board, commission or agency whatsoever, and there are no claims, actions, suits or proceedings pending or, to the knowledge of NHP, threatened against or affecting NHP or the Development, at law or in equity, before or by any court, board, commission or agency whatsoever which might, if determined adversely to NHP, materially affect NHP's ability to repay the Loan or impair the security to be given to SHA pursuant hereto.

ARTICLE 5

DEFAULT AND REMEDIES

Section 5.1 Events of Default. Each of the following shall constitute a "Default" by NHP under this Agreement:

(a) Failure to Make Payment. Failure to repay the principal and any interest on the Loan within ten (10) days of receipt of written notice from SHA that such payment is due pursuant to the Loan Documents.

(b) Breach of Covenants. Failure by NHP to duly perform, comply with, or observe any of the conditions, terms, or covenants of any of the Loan Documents, or the occurrence of an Event of Default under the MDA (once executed), and such failure having continued uncured for thirty (30) days after receipt of written notice thereof from SHA to NHP or, if the breach cannot be cured within thirty (30) days, NHP shall not be in breach so long as NHP demonstrates to SHA's reasonable satisfaction that it is undertaking to cure such breach and such breach is cured within sixty (60) days.

(c) Insolvency. A court having jurisdiction shall have made or entered any decree or order (i) adjudging NHP to be bankrupt or insolvent, (ii) approving as properly filed a petition seeking reorganization of NHP or seeking any arrangement for NHP under the bankruptcy law or

any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (iii) appointing a receiver, trustee, liquidator, or assignee of NHP in bankruptcy or insolvency or for any of their properties, or (iv) directing the winding up or liquidation of NHP, if any such decree or order described in clauses (i) to (iv), inclusive, shall have continued unstayed or undischarged for a period of ninety (90) days; or NHP shall have admitted in writing its inability to pay its debts as they fall due or shall have voluntarily submitted to or filed a petition seeking any decree or order of the nature described in clauses (i) to (iv), inclusive. The occurrence of any of the events of Default in this paragraph shall act to accelerate automatically, without the need for any action by SHA, the indebtedness evidenced by the Note.

(d) Assignment; Attachment. NHP shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within ninety (90) days after such event or, if sooner, prior to sale pursuant to such sequestration, attachment, or execution. The occurrence of any of the events of default in this paragraph shall act to accelerate automatically, without the need for any action by SHA, the indebtedness evidenced by the Note.

(e) Suspension; Termination. NHP shall have voluntarily suspended its business or shall have been dissolved or terminated.

(f) Unauthorized Transfer. Any Transfer other than as permitted by Section 3.5.

(g) Remedies. The occurrence of any event which would constitute a Default hereunder upon expiration of a specified time period or following the expiration of all applicable notice and cure periods will, either at the option of SHA or automatically where so specified, relieve SHA of any obligation to make further advances under the Loan unless and until cure of the Default. Following the expiration of all such specified time periods and applicable notice and cure periods, SHA shall have the right to proceed with any and all remedies set forth in this Agreement and the Loan Documents, including but not limited to cause all indebtedness of NHP to SHA under this Agreement and the Note, together with any accrued interest thereon, to become immediately due and payable. NHP waives all right to presentment, demand, protest or notice of protest or dishonor.

(h) Specific Performance. SHA shall have the right to mandamus or other suit, action or proceeding at law or in equity to require NHP to perform its obligations and covenants under the Loan Documents or to enjoin acts or things which may be unlawful or in violation of the provisions of the Loan Documents.

Section 5.2 Right of Contest. NHP shall have the right to contest in good faith any claim, demand, levy, or assessment the assertion of which would constitute a Default hereunder. Any such contest shall be prosecuted diligently and in a manner unprejudicial to SHA or the rights of SHA hereunder.

Section 5.3 Remedies Cumulative. No right, power, or remedy given to SHA by the terms of this Agreement or the Loan Documents is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given to SHA by the terms of any such instrument, or by any statute or otherwise against NHP and any other person. Neither the failure nor any delay on the part of SHA to exercise any such rights and remedies shall operate as a waiver thereof, nor shall

any single or partial exercise by SHA of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

Section 5.4 Non-Recourse Nature of Loan Notwithstanding anything herein to the contrary, NHP's liability under any Note shall only extend to collateral given to secure the Loan, as stated in Section 1.6, and SHA shall not thereafter enforce such liability against any other asset, property or funds of NHP or any member of NHP; provided, however, the foregoing shall not: (a) impair the right of SHA to bring suit and obtain personal, recourse judgments against any person or entity (including NHP or any member of NHP) relating to any losses sustained by SHA in connection with any fraud or intentional misrepresentation; (b) affect the validity or enforceability of, or impair the right of SHA to bring suit and obtain personal, recourse judgments against any person or entity (including NHP or any person or entity constituting NHP) to enforce any guaranty, indemnity or release of liability made by such person or entity; or (c) impair the enforcement of the Assignment executed in connection herewith.

ARTICLE 6

GENERAL PROVISIONS

Section 6.1 Relationship of Parties. Nothing contained in this Agreement shall be interpreted or understood by any of the Parties, or by any third persons, as creating the relationship of employer and employee, principal and agent, limited or general liability company, or joint venture between SHA and NHP or its agents, employees or contractors, and NHP shall at all times be deemed an independent contractor and shall be wholly responsible for the manner in which it or its agents, or both, perform the services required of it by the terms of this Agreement. NHP has and retains the right to exercise full control of employment, direction, compensation, and discharge of all persons assisting in the performance of services under the Agreement. NHP shall be solely responsible for its own acts and those of its agents and employees.

Section 6.2 No Claims. Nothing contained in this Agreement shall create or justify any claim against SHA by any person that NHP may have employed or with whom NHP may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the Development, and NHP shall include similar requirements in any contracts entered into with respect to the Development.

Section 6.3 Amendments. No alteration or variation of the terms of this Agreement shall be valid unless made in writing by the Parties.

Section 6.4 Indemnification. NHP shall indemnify, defend and hold SHA, its commissioners, officers, employees, agents, successors, assigns and assets harmless against all claims (to include liens or similar claims) made against it and expenses (including reasonable attorneys' fees actually incurred) which arise out of or in connection with NHP's activities under this Agreement, except to the extent such claim arises from the grossly negligent or willful misconduct of SHA, its board members, officers, employees, agents, successors and assigns. The provisions of this Section 6.4 shall survive the expiration of the Term.

Section 6.5 Non-Liability of SHA Commissioners, Officials, Employees and Agents. No

commissioner, official, employee or agent of SHA shall be personally liable to NHP in the event of any default or breach by SHA or for any amount which may become due to NHP or its successor or on any obligation under the terms of this Agreement.

Section 6.6 No Third-Party Beneficiaries. There shall be no third-party beneficiaries to this Agreement.

Section 6.7 Conflict of Interest.

(a) No person described in Section 6.7(b) below who exercises or has exercised any functions or responsibilities with respect to the activities funded pursuant to this Agreement or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during, or at any time after, such person's tenure. NHP and SHA shall exercise due diligence to ensure that the prohibition in this Section 6.7(a) is followed.

(b) The conflict of interest provisions of Section 6.7(a) above apply to any person who is an employee, agent, consultant, officer, or any immediate family member of such person, or any elected or appointed official of SHA, or any person related within the third (3rd) degree of such person.

Section 6.8 Notices, Demands and Communications. Formal notices, demands, and communications between the Parties shall be sufficiently given if and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered by express delivery service, return receipt requested, or delivered personally, to the principal office of the Parties as follows:

If to the Developer:

NHPF-SC Developer, LLC
1090 Vermont Ave., Suite 400
Washington, DC 20005
Attn:

With a copy to:

Jeffrey D. Salzer, Esq.
Kelliher & Salzer, LLC
101 W. Robert E. Lee Blvd., Suite 304
New Orleans, LA 70124

If to SHA:

Terril Bates, Chief Executive Officer
Housing Authority of the City of Spartanburg, SC
2271 S. Pine Street
Spartanburg, SC 29302

With a copy to:

Bo Campbell, Esq.
Horton Law Firm, PA
307 Pettigru Street
Greenville, SC 29601

All such notices and other communications shall be deemed given on the date of personal or local courier delivery, delivery to overnight courier or express delivery service, or deposit in the United States Mail, and shall be deemed to have been received (i) in the case of personal or local courier delivery, on the date of such delivery, (ii) in the case of delivery by overnight courier or express delivery service, on the date following dispatch, and (iii) in the case of mailing, on the date specified in the return receipt therefor.

Section 6.9 Applicable Law. This Agreement shall be governed by South Carolina law.

Section 6.10 Contingent Obligation of SHA. Notwithstanding anything herein contained to the contrary, it is understood and agreed that SHA shall have absolutely no obligations under the terms of this Agreement unless and until HUD makes the HUD Funds available to SHA.

Section 6.11 Parties Bound. Except as otherwise limited herein, the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their heirs, executors, administrators, legal representatives, successors, and assigns.

Section 6.12 Attorneys' Fees. If any lawsuit is commenced to enforce any of the terms of this Agreement, the prevailing party will have the right to recover its reasonable attorneys' fees and costs of suit from the other party.

Section 6.13 Severability. If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 6.14 Force Majeure. In addition to specific provisions of this Agreement, performance by either party shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; quarantine restrictions; freight embargoes; lack of transportation; or court order; or any other similar causes (other than lack of funds of NHP or NHP's inability to finance the construction of the Development) beyond the control or without the fault of the party claiming an extension of time to perform. An extension of time for any cause will be deemed granted if notice by the party claiming such extension is sent to the other within ten (10) days from the commencement of the cause and such extension of time is not rejected in writing by the other party within ten (10) days of receipt of the notice. In no event shall SHA be required to agree to cumulative delays in excess of one hundred eighty (180) days.

Section 6.15 SHA Approval. Whenever this Agreement calls for SHA approval, consent, or waiver, the written approval, consent, or waiver of the Chief Executive Officer of SHA shall constitute the approval, consent, or waiver of SHA and may be relied upon by NHP. NHP recognizes that the Chief Executive Officer may determine that he requires further Board authorization before issuing any approval, consent or waiver.

Section 6.16 Waivers. Any waiver by SHA of any obligation or condition in this Agreement must be in writing. No waiver will be implied from any delay or failure by SHA to take action on any breach or default of NHP or to pursue any remedy allowed under this Agreement or applicable

law. Any extension of time granted to NHP to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by SHA to any act or omission by NHP shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for SHA's written consent to future waivers.

Section 6.17 Title of Parts and Sections. Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any part of the Agreement's provisions.

Section 6.18 Entire Understanding of the Parties. This Agreement constitutes the entire understanding and agreement of the Parties with respect to the Loan.

Section 6.19 Multiple Originals; Counterpart. This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

Section 6.20 Jury Trial Waiver. To the extent permitted by applicable law, NHP and SHA hereby acknowledge and agree that any and all claims arising out of, connected with, or relating to this Agreement or the relationship created hereby are matters which should be adjudicated by a court without a jury. Therefore the Parties hereby waive a trial by a jury. Neither SHA nor NHP or any successor thereof shall seek a trial by jury in any action or proceeding (whether at law or in equity, whether direct or collateral, whether in contract or in tort) arising out of or related to this Agreement or the relationship created hereby. Neither SHA nor NHP shall seek to consolidate any action or proceeding in which trial by jury has been waived with any other action or proceeding in which a jury trial cannot be or has not been waived. The provisions of this section cannot be and have not been waived. The provisions of this section have been fully discussed by the Parties and their respective attorneys and the provisions hereof shall be subject to no exceptions. SHA and NHP acknowledge and agree that no one, including, without limitation, SHA's agents or contractors, has represented that the provisions of this section or of any other section of this Agreement will not be fully enforced.

(Signature Page Follows)

**SIGNATURE PAGE TO
PREDEVELOPMENT LOAN AGREEMENT**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

**HOUSING AUTHORITY OF THE CITY
OF SPARTANBURG, SC**

By: _____
Name: Terril Bates
Title: Chief Executive Officer

NHPF-SC DEVELOPER, LLC, a South
Carolina limited liability company

By: The NHP Foundation, a District of
Columbia non-profit corporation

By: _____
Name: _____
Title: _____

EXHIBIT A
PREDEVELOPMENT LOAN PROMISSORY NOTE
(Cost Reimbursement)

\$150,000

_____, 2018

FOR VALUE RECEIVED, **NHPF-SC DEVELOPER, LLC**, a South Carolina limited liability company (the "**NHP**"), promises to pay to the **Housing Authority of the City of Spartanburg, SC** (the "**SHA**"), the principal sum of One Hundred Fifty Thousand and No/00 dollars (\$150,000.00) (or so much as has been disbursed), plus interest thereon pursuant to Section 2 below.

1. **NHP's Obligation.** This promissory note (the "**Note**") evidences NHP's obligation to pay SHA such sums as have been disbursed to NHP by SHA to finance predevelopment expenses in connection with _____ (the "**Development**") pursuant to the Predevelopment Loan Agreement between NHP and SHA of even date herewith (the "**Loan Agreement**"). All capitalized terms not otherwise defined in this Note shall have the meanings set forth in the Loan Agreement.

2. **Interest.** Any amount advanced under the Loan shall bear no interest; provided, however, that in an Event of Default, any sums outstanding shall bear interest at the lesser of the short-term AFR on the day of execution, plus 3%, or the maximum rate permitted by law, which shall accrue beginning as of the date of Default and continuing until such time as the Loan funds are repaid in full or the Default is cured

3. **Term and Repayment Requirements.** This Note shall be payable in full upon first disbursement of proceeds from a construction/permanent loan to an entity owning a Development sufficient to pay all amounts due hereunder, or as otherwise provided in the Loan Agreement.

4. **No Assumption.** This Note shall not be assumable by the successors and assigns of NHP without the prior written consent of SHA.

5. **Security.** This Note is secured by an Assignment of Agreements, Plans and Specifications and Approvals of even date herewith.

6. **Terms of Payment.**

(a) All payments due under this Note shall be paid in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

(b) All payments on this Note shall be paid to The Housing Authority of the City of Spartanburg, SC, Attention: Chief Executive Officer, or to such other place as SHA may from time to time designate in writing.

(c) Notwithstanding any other provision of this Note, or any instrument securing the obligations of NHP under this Note, if, for any reason whatsoever, the payment of any sums by NHP pursuant to the terms of this Note would result in the payment of interest which would exceed the amount that SHA may legally charge under the laws of the State of South Carolina, then the amount by which payments exceeds the lawful interest rate shall automatically be deducted from the principal balance owing on this Note, so that in no event shall NHP be obligated under the terms of this Note to pay any interest which would exceed the lawful rate.

7. Default.

(a) Any of the following shall constitute an Event of Default under this Note:

(i) Any failure to pay, in full, any payment required under this Note when due (or to deliver all things secured by the Assignment, in accordance with Section 1.5 of the Loan Agreement) following written notice by SHA of such failure and ten (10) days opportunity to cure;

(ii) Any failure in the performance by NHP of any term, condition, provision or covenant set forth in this Note and such failure having continued uncured for thirty (30) days after receipt of written notice thereof from SHA to NHP or, if the breach cannot be cured within thirty (30) days, NHP shall not be in breach so long as NHP demonstrates to SHA's reasonable satisfaction that it is undertaking to cure such breach and such breach is cured within sixty (60) days; provided, however, that if a different period or notice requirement is specified under any other section of this Note or the Loan Agreement, the specific provisions shall control; and

(iii) The occurrence of any Event of Default under the Loan Agreement, or other instrument securing the obligations of NHP under this Note or under any other promissory notes hereafter issued by NHP to SHA pursuant to the Loan Agreement subject to notice and cure periods, if any, set forth therein;

(b) Upon the occurrence of such an Event of Default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note shall at the option of SHA become immediately due and payable upon written notice by SHA to NHP without further demand.

(c) The failure to exercise the remedy set forth in Subsection 7(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by SHA of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of SHA, except as and to the extent otherwise provided by law.

8. Waivers.

(a) Except for the notice and cure provisions stated in this Note, NHP hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, and notice of dishonor of this Note. NHP expressly agrees that this Note or any payment hereunder may be extended from time to time, and that SHA may accept further security or release any security for this Note, all without in any way affecting the liability of NHP.

(b) No extension of time for payment of this Note or any installment hereof made by agreement by SHA with any person now or hereafter liable for payment of this note shall operate to release, discharge, modify, change or affect the original liability of NHP under this Note, either in whole or in part.

(c) The obligations of NHP under this Note shall be absolute and NHP waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reason whatsoever.

9. Nonrecourse Provisions. NHP's liability under this Note shall only extend to collateral given to secure the Loan, and SHA shall not thereafter enforce such liability against any other asset, property or funds of NHP or any member of NHP; and pursuant to the assignment agreement attached; provided, however, the foregoing shall not: (a) impair the right of SHA to bring suit and obtain personal, recourse judgments against any person or entity (including NHP or any member of NHP) relating to any losses sustained by SHA in connection with any fraud or intentional misrepresentation; (b) affect the validity or enforceability of, or impair the right of SHA to bring suit and obtain personal, recourse judgments against any person or entity (including NHP or any person or entity constituting NHP) to enforce any guaranty, indemnity or release of liability made by such person or entity; or (c) impair the enforcement of the Assignment of Plans and Specifications executed in connection herewith

10. Miscellaneous Provisions.

(a) All notices to SHA or NHP shall be given in the manner and at the addresses set forth in the Loan Agreement, or to such addresses as SHA and NHP may hereinafter designate.

(b) NHP promises to pay all costs and expenses, including reasonable attorney's fees, incurred by SHA in the enforcement of the provision of this Note, regardless of whether suit is filed to seek enforcement.

(c) This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

(d) This Note shall be governed by and construed in accordance with the laws of the State of South Carolina.

(e) The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

(f) This document, together with the Loan Documents, contains the entire agreement between the parties as to the Loan. It may not be modified except upon written consent of the parties.

IN WITNESS WHEREOF, the said NHP, intending this Note to take effect as an instrument under seal and intending to be legally bound, has caused these presents to be duly executed the day and year first above written.

NHPF-SC DEVELOPER, LLC, a South
Carolina limited liability company

By: The NHP Foundation, a District of
Columbia non-profit corporation

By: _____
Name: _____
Title: _____

EXHIBIT B
ASSIGNMENT OF AGREEMENTS, PLANS AND SPECIFICATIONS, AND
APPROVALS

This Assignment Agreement (the "**Assignment**") is entered into as of the ____ day of _____, 2018, by and between the **HOUSING AUTHORITY OF THE CITY OF SPARTANBURG, SC** (the "**Assignee**") and **NHPF-SC DEVELOPER, LLC**, a South Carolina limited liability company (the "**Assignor**"), with reference to the following facts:

RECITALS

A. Pursuant to the terms of the Predevelopment Loan Agreement dated of even date herewith by and between Assignor and Assignee (the "**Predevelopment Loan Agreement**"), Assignee has made a cost reimbursement loan to Assignor ("**Loan**") to assist in the redevelopment of _____ (the "Development").

B. As security for the Loan, Assignor desires to assign to Assignee, and Assignee desires to accept from Assignor, the assignment of Assignor's right, title, and interest in and under certain agreements and contracts incurred by Assignor in connection with the Development.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties mutually agree as follows:

TERMS

1. Assignment by Assignor. Assignor hereby assigns and delegates to Assignee, and Assignee hereby accepts from Assignor, all of Assignor's right, title, and interest in and obligations under the following agreements and contracts:

a. All architectural, design, construction, engineering, and consulting contracts, and any and all amendments, modifications, supplements, addenda, and general conditions thereto (collectively, the "**Agreements**"), heretofore or hereafter entered into by any Contractor (as defined below), provided that such Agreements are funded in whole or in part from proceeds of the Loan;

b. All plans and specifications, shop drawings, working drawings, reports, studies, amendments, modifications, changes, supplements, general conditions, addenda, and work product thereto (collectively, the "**Plans and Specifications**") heretofore or hereafter prepared by any Contractor (as defined below) provided that such Plans and Specifications are funded in whole or in part from proceeds of the Loan; and

c. All land use approvals, building permits, and other governmental approvals of any nature obtained for the Development (collectively, the "**Land Use Approvals**") provided that such Land Use Approvals are funded in whole or in part from proceeds of the Loan.

For purposes of this Assignment, the term "**Contractor**" means any architect, contractor, engineer, consultant, or other person or entity entering into Agreements with the Assignor and/or preparing

Plans and Specifications for Assignor with respect to the Development.

2. Purpose. This Assignment is made to secure: (i) payment to Assignee of all sums now or hereafter owing under the Note evidencing the Loan, dated concurrently herewith and made by Assignor to the order of Assignee, and any and all additional advances, modifications, extensions, renewals, and amendments thereof; and (ii) payment and performance by Assignor of all its obligations under the Predevelopment Loan Agreement. Delivery of collateral is subject to payment by Assignee of any remaining balance of the cost of such collateral that is not covered by the Loan.

3. No Assumption of Obligations. Assignee does not assume any of Assignor's obligations or duties under the Agreements or concerning the Plans and Specifications and Land Use Approvals, including, but not limited to, the obligation to pay for the preparation of the Plans and Specifications, until and unless Assignee shall exercise its rights under this Assignment.

4. Attorney-In-Fact. Assignor hereby irrevocably appoints Assignee as its attorney-in-fact, which power is coupled with an interest, so that Assignee shall have the right, upon the occurrence of a Default by Assignor (after notice and opportunity to cure) under and as defined in Section 5.1 of the Predevelopment Loan Agreement, to demand, receive, and enforce any and all of Assignor's rights with respect to the Agreements, Plans and Specifications, and Land Use Approvals, and to perform any and all acts in the name of Assignor or in the name of Assignee with the same force and effect as if performed by Assignor in the absence of this Assignment.

5. No Previous Assignment. Assignor represents and warrants to Assignee that no previous assignment(s) of its rights or interest in or to the Agreements, Plans and Specifications, and/or Land Use Approvals, has or have been made, and Assignor agrees not to assign, sell, pledge, transfer, mortgage, or hypothecate its rights or interest therein (without the written approval of Assignee's Executive Director) so long as Assignee holds or retains any security interest therein under the Predevelopment Loan Agreement.

6. Governing Law. This Assignment shall be governed by the laws of the State of South Carolina except to the extent that federal laws preempt the laws of the State of South Carolina, and Assignor consents to the jurisdiction of any federal or state court within the State of South Carolina having proper venue for the filing and maintenance of any action arising hereunder and agrees that the prevailing party in any such action shall be entitled, in addition to any other recovery, to reasonable attorneys' fees and costs.

7. Binding Upon Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, successors-in-interest, and assigns of Assignor and Assignee; provided, however, this shall not be construed and is not intended to waive the restrictions on assignment, sale, transfer, mortgage, pledge, hypothecation, or encumbrance by Assignor contained in the Predevelopment Loan Agreement.

8. Capitalized Terms. Capitalized terms used but not defined in this Assignment shall have the meanings set forth in the Predevelopment Loan Agreement.

9. Headings. Section headings contained in this Assignment are inserted as a matter of

convenience and for ease of reference only and shall be disregarded for all other purposes, including the construction or enforcement of this Assignment or any of its provisions.

10. Counterparts. This Assignment may be executed in counterparts by the parties hereto, each of which shall be deemed to be an original, and all such counterparts shall constitute one and the same instrument.

ASSIGNEE:

**HOUSING AUTHORITY OF THE CITY OF
SPARTANBURG, SC**

By: _____

Name: Terril Bates

Title: Chief Executive Officer

ASSIGNOR:

NHPF-SC DEVELOPER, LLC, a South Carolina
limited liability company

By: The NHP Foundation, a District of Columbia
non-profit corporation

By: _____

Name: _____

Title: _____

EXHIBIT C
PREDEVELOPMENT BUDGET

PREDEVELOPMENT EXPENSE	ESTIMATED COSTS UNTIL CLOSING
Architecture	
Engineering	
Planning and Zoning Approvals	
Environmental Reports	
Geotechnical Work	
Application Fees/Due Diligence	
Reproduction Expenses	
Market Study/Appraisals	
Survey/Civil Design	
Permit Fees	
Legal	
TOTAL	

Exhibit C

PREDEVELOPMENT LOAN PROMISSORY NOTE
(Cost Reimbursement—Camp Croft)

\$150,000

_____, 2018

FOR VALUE RECEIVED, **NHPF-SC DEVELOPER, LLC**, a South Carolina limited liability company (the "**NHP**"), promises to pay to the **Housing Authority of the City of Spartanburg, SC** (the "**SHA**"), the principal sum of One Hundred Fifty Thousand and No/00 dollars (\$150,000.00) (or so much as has been disbursed), plus interest thereon pursuant to Section 2 below.

1. **NHP's Obligation.** This promissory note (the "**Note**") evidences NHP's obligation to pay SHA such sums as have been disbursed to NHP by SHA to finance predevelopment expenses in connection with Camp Croft (the "**Development**") pursuant to the Predevelopment Loan Agreement between NHP and SHA of even date herewith (the "**Loan Agreement**"). All capitalized terms not otherwise defined in this Note shall have the meanings set forth in the Loan Agreement.

2. **Interest.** Any amount advanced under the Loan shall bear no interest; provided, however, that in an Event of Default, any sums outstanding shall bear interest at the lesser of the short-term AFR on the day of execution, plus 3%, or the maximum rate permitted by law, which shall accrue beginning as of the date of Default and continuing until such time as the Loan funds are repaid in full or the Default is cured

3. **Term and Repayment Requirements.** This Note shall be payable in full upon first disbursement of proceeds from a construction/permanent loan to an entity owning a Development sufficient to pay all amounts due hereunder, or as otherwise provided in the Loan Agreement.

4. **No Assumption.** This Note shall not be assumable by the successors and assigns of NHP without the prior written consent of SHA.

5. **Security.** This Note is secured by an Assignment of Agreements, Plans and Specifications and Approvals of even date herewith.

6. **Terms of Payment.**

(a) All payments due under this Note shall be paid in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

(b) All payments on this Note shall be paid to The Housing Authority of the City of Spartanburg, SC, Attention: Chief Executive Officer, or to such other place as SHA may from time to time designate in writing.

(c) Notwithstanding any other provision of this Note, or any instrument securing the obligations of NHP under this Note, if, for any reason whatsoever, the payment of any sums by NHP pursuant to the terms of this Note would result in the payment of interest which would exceed the amount that SHA may legally charge under the laws of the State of South Carolina, then the amount by which payments exceeds the lawful interest rate shall automatically be deducted from the principal balance owing on this Note, so that in no event shall NHP be obligated under the terms of this Note to pay any interest which would exceed the lawful rate.

7. Default.

(a) Any of the following shall constitute an Event of Default under this Note:

(i) Any failure to pay, in full, any payment required under this Note when due (or to deliver all things secured by the Assignment, in accordance with Section 1.5 of the Loan Agreement) following written notice by SHA of such failure and ten (10) days opportunity to cure;

(ii) Any failure in the performance by NHP of any term, condition, provision or covenant set forth in this Note and such failure having continued uncured for thirty (30) days after receipt of written notice thereof from SHA to NHP or, if the breach cannot be cured within thirty (30) days, NHP shall not be in breach so long as NHP demonstrates to SHA's reasonable satisfaction that it is undertaking to cure such breach and such breach is cured within sixty (60) days; provided, however, that if a different period or notice requirement is specified under any other section of this Note or the Loan Agreement, the specific provisions shall control; and

(iii) The occurrence of any Event of Default under the Loan Agreement, or other instrument securing the obligations of NHP under this Note or under any other promissory notes hereafter issued by NHP to SHA pursuant to the Loan Agreement subject to notice and cure periods, if any, set forth therein;

(b) Upon the occurrence of such an Event of Default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note shall at the option of SHA become immediately due and payable upon written notice by SHA to NHP without further demand.

(c) The failure to exercise the remedy set forth in Subsection 7(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by SHA of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of SHA, except as and to the extent otherwise provided by law.

8. Waivers.

(a) Except for the notice and cure provisions stated in this Note, NHP hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, and notice of dishonor of this Note. NHP expressly agrees that this Note or any payment hereunder may be extended from time to time, and that SHA may accept further security or release any security for this Note, all without in any way affecting the liability of NHP.

(b) No extension of time for payment of this Note or any installment hereof made by agreement by SHA with any person now or hereafter liable for payment of this note shall operate to release, discharge, modify, change or affect the original liability of NHP under this Note, either in whole or in part.

(c) The obligations of NHP under this Note shall be absolute and NHP waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reason whatsoever.

9. Nonrecourse Provisions. NHP's liability under this Note shall only extend to collateral given to secure the Loan, and SHA shall not thereafter enforce such liability against any other asset, property or funds of NHP or any member of NHP; and pursuant to the assignment agreement attached; provided, however, the foregoing shall not: (a) impair the right of SHA to bring suit and obtain personal, recourse judgments against any person or entity (including NHP or any member of NHP) relating to any losses sustained by SHA in connection with any fraud or intentional misrepresentation; (b) affect the validity or enforceability of, or impair the right of SHA to bring suit and obtain personal, recourse judgments against any person or entity (including NHP or any person or entity constituting NHP) to enforce any guaranty, indemnity or release of liability made by such person or entity; or (c) impair the enforcement of the Assignment of Plans and Specifications executed in connection herewith

10. Miscellaneous Provisions.

(a) All notices to SHA or NHP shall be given in the manner and at the addresses set forth in the Loan Agreement, or to such addresses as SHA and NHP may hereinafter designate.

(b) NHP promises to pay all costs and expenses, including reasonable attorney's fees, incurred by SHA in the enforcement of the provision of this Note, regardless of whether suit is filed to seek enforcement.

(c) This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

(d) This Note shall be governed by and construed in accordance with the laws of the State of South Carolina.

(e) The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

(f) This document, together with the Loan Documents, contains the entire agreement between the parties as to the Loan. It may not be modified except upon written consent of the parties.

IN WITNESS WHEREOF, the said NHP, intending this Note to take effect as an instrument under seal and intending to be legally bound, has caused these presents to be duly executed the day and year first above written.

NHPF-SC DEVELOPER, LLC, a South
Carolina limited liability company

By: The NHP Foundation, a District of
Columbia non-profit corporation

By: _____
Name: _____
Title: _____

ASSIGNMENT OF AGREEMENTS, PLANS AND SPECIFICATIONS, AND APPROVALS

(Camp Croft)

This Assignment Agreement (the "*Assignment*") is entered into as of the ____ day of _____, 2018, by and between the **HOUSING AUTHORITY OF THE CITY OF SPARTANBURG, SC** (the "*Assignee*") and **NHPF-SC DEVELOPER, LLC**, a South Carolina limited liability company (the "*Assignor*"), with reference to the following facts:

RECITALS

A. Pursuant to the terms of the Predevelopment Loan Agreement dated of even date herewith by and between Assignor and Assignee (the "*Predevelopment Loan Agreement*"), Assignee has made a cost reimbursement loan to Assignor ("*Loan*") to assist in the redevelopment of Cam Croft (the "Development").

B. As security for the Loan, Assignor desires to assign to Assignee, and Assignee desires to accept from Assignor, the assignment of Assignor's right, title, and interest in and under certain agreements and contracts incurred by Assignor in connection with the Development.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties mutually agree as follows:

TERMS

1. Assignment by Assignor. Assignor hereby assigns and delegates to Assignee, and Assignee hereby accepts from Assignor, all of Assignor's right, title, and interest in and obligations under the following agreements and contracts:

a. All architectural, design, construction, engineering, and consulting contracts, and any and all amendments, modifications, supplements, addenda, and general conditions thereto (collectively, the "*Agreements*"), heretofore or hereafter entered into by any Contractor (as defined below), provided that such Agreements are funded in whole or in part from proceeds of the Loan;

b. All plans and specifications, shop drawings, working drawings, reports, studies, amendments, modifications, changes, supplements, general conditions, addenda, and work product thereto (collectively, the "*Plans and Specifications*") heretofore or hereafter prepared by any Contractor (as defined below) provided that such Plans and Specifications are funded in whole or in part from proceeds of the Loan; and

c. All land use approvals, building permits, and other governmental approvals of any nature obtained for the Development (collectively, the "*Land Use Approvals*") provided that such Land Use Approvals are funded in whole or in part from proceeds of the Loan.

For purposes of this Assignment, the term "*Contractor*" means any architect, contractor, engineer,

consultant, or other person or entity entering into Agreements with the Assignor and/or preparing Plans and Specifications for Assignor with respect to the Development.

2. Purpose. This Assignment is made to secure: (i) payment to Assignee of all sums now or hereafter owing under the Note evidencing the Loan, dated concurrently herewith and made by Assignor to the order of Assignee, and any and all additional advances, modifications, extensions, renewals, and amendments thereof; and (ii) payment and performance by Assignor of all its obligations under the Predevelopment Loan Agreement. Delivery of collateral is subject to payment by Assignee of any remaining balance of the cost of such collateral that is not covered by the Loan.

3. No Assumption of Obligations. Assignee does not assume any of Assignor's obligations or duties under the Agreements or concerning the Plans and Specifications and Land Use Approvals, including, but not limited to, the obligation to pay for the preparation of the Plans and Specifications, until and unless Assignee shall exercise its rights under this Assignment.

4. Attorney-In-Fact. Assignor hereby irrevocably appoints Assignee as its attorney-in-fact, which power is coupled with an interest, so that Assignee shall have the right, upon the occurrence of a Default by Assignor (after notice and opportunity to cure) under and as defined in Section 5.1 of the Predevelopment Loan Agreement, to demand, receive, and enforce any and all of Assignor's rights with respect to the Agreements, Plans and Specifications, and Land Use Approvals, and to perform any and all acts in the name of Assignor or in the name of Assignee with the same force and effect as if performed by Assignor in the absence of this Assignment.

5. No Previous Assignment. Assignor represents and warrants to Assignee that no previous assignment(s) of its rights or interest in or to the Agreements, Plans and Specifications, and/or Land Use Approvals, has or have been made, and Assignor agrees not to assign, sell, pledge, transfer, mortgage, or hypothecate its rights or interest therein (without the written approval of Assignee's Executive Director) so long as Assignee holds or retains any security interest therein under the Predevelopment Loan Agreement.

6. Governing Law. This Assignment shall be governed by the laws of the State of South Carolina except to the extent that federal laws preempt the laws of the State of South Carolina, and Assignor consents to the jurisdiction of any federal or state court within the State of South Carolina having proper venue for the filing and maintenance of any action arising hereunder and agrees that the prevailing party in any such action shall be entitled, in addition to any other recovery, to reasonable attorneys' fees and costs.

7. Binding Upon Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, successors-in-interest, and assigns of Assignor and Assignee; provided, however, this shall not be construed and is not intended to waive the restrictions on assignment, sale, transfer, mortgage, pledge, hypothecation, or encumbrance by Assignor contained in the Predevelopment Loan Agreement.

8. Capitalized Terms. Capitalized terms used but not defined in this Assignment shall have

the meanings set forth in the Predevelopment Loan Agreement.

9. Headings. Section headings contained in this Assignment are inserted as a matter of convenience and for ease of reference only and shall be disregarded for all other purposes, including the construction or enforcement of this Assignment or any of its provisions.

10. Counterparts. This Assignment may be executed in counterparts by the parties hereto, each of which shall be deemed to be an original, and all such counterparts shall constitute one and the same instrument.

ASSIGNEE:

**HOUSING AUTHORITY OF THE CITY OF
SPARTANBURG, SC**

By: _____
Name: Terril Bates
Title: Chief Executive Officer

ASSIGNOR:

NHPF-SC DEVELOPER, LLC, a South Carolina
limited liability company

By: The NHP Foundation, a District of Columbia
non-profit corporation

By: _____
Name: _____
Title: _____

**CAMP CROFT
PREDEVELOPMENT BUDGET**

PREDEVELOPMENT EXPENSE	ESTIMATED COSTS UNTIL CLOSING
Architecture	
Engineering	
Planning and Zoning Approvals	
Environmental Reports	
Geotechnical Work	
Application Fees/Due Diligence	
Reproduction Expenses	
Market Study/Appraisals	
Survey/Civil Design	
Permit Fees	
Legal	
TOTAL	

HOUSING AUTHORITY OF THE CITY OF SPARTANBURG

RESOLUTION 2018-33:

Approval of Master Development Agreement and
Predevelopment Loan Agreement and Camp Croft
Predevelopment Note and Assignment -- NHP

BACKGROUND

The Housing Authority of the City of Spartanburg, SC (“**SHA**”) is the owner of Section 9 Public Housing communities commonly known as Archibald-Rutledge Highrise, Archibald Village, Victoria Gardens, Camp Croft and Prince Hall in Spartanburg, South Carolina, collectively consisting of 476 public housing units (“**RAD Portfolio**”). On June 13, 2017, SHA issued a Request for Qualifications for a development partner (the “**RFQ**”) seeking developers to assist SHA in the redevelopment of the RAD Portfolio. The NHP Foundation, a District of Columbia non-profit corporation (“**NHP**”), submitted a proposal which resulted in the competitive selection of NHP for the redevelopment of the RAD Portfolio. After NHP’s selection, SHA staff was directed to negotiate a Master Development Agreement (“**MDA**”) and Predevelopment Loan Agreement (“**PDLA**”), to set forth the terms and conditions governing the redevelopment of the RAD Portfolio pursuant to the RFQ. The purpose of this resolution is to approve and authorize the execution of the MDA and PDLA. Generally, the MDA requires SHA to fund 50% of all third-party development costs up to a maximum of \$150,000 for each development. These obligations will be evidenced by a PDLA and secured by an assignment of the plans and other predevelopment work-product generated for each development.

RESOLUTION

WHEREAS, SHA has heretofore selected NHP to serve as the Authority’s development partner in the redevelopment of SHA’s RAD Portfolio;

WHEREAS, SHA and NHP (and its affiliates) have successfully negotiated an MDA and PDLA which will set forth the terms and conditions governing the redevelopment of the RAD Portfolio pursuant to the RFQ; and

WHEREAS, SHA and NHP (and its affiliates) desire that SHA make a Predevelopment Loan in the amount of \$150,000 for the redevelopment of the Camp Croft site in accordance with the MDA and PDLA.

NOW THEREFORE, be it resolved by the Board of Commissioners of the Housing Authority of the City of Spartanburg hereby approves the MDA attached hereto as Exhibit A and incorporated herein by reference and the PDLA attached hereto as Exhibit B and incorporated herein by reference, subject to final review by legal counsel and provided no legal changes materially alter the business terms set forth in the agreements.

BE IT FURTHER RESOLVED that the Predevelopment Budget, Promissory Note and Assignment with respect to Camp Croft, attached hereto as Exhibit C and incorporated herein by reference, is hereby approved subject to final review by legal counsel and provided no legal changes materially alter the business terms set forth in the agreements.

BE IT FURTHER RESOLVED that the Chief Executive Officer of the Housing Authority of the City of Spartanburg, SC is hereby authorized to execute the MDA, PDLA and Camp Croft Promissory Note and Assignment, subject to final review by legal counsel.

This 24th day of July 2018.

**BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF
SPARTANBURG, SC**

BY: _____
CHARLES WHITE, CHAIR



**Action Items & Resolution
2018-34**

**Housing Choice Voucher
Utility Allowance**

**Board of Commissioners Meeting
Tuesday, July 24, 2018**



July 24, 2018

**Spartanburg Housing Authority
Spartanburg, SC 29306**

HONORABLE MEMBERS IN SESSION:

SUBJECT:

Utility Allowance Schedules

Resolution #2018-34

RECOMMENDATION:

Review and Approve Section 8 Housing Choice Voucher Utility Allowance

CONTACT PERSON:

Tiffany Askew
Housing Choice Voucher Administrator
864-598-6053

BACKGROUND:

Housing Urban Development (HUD) requires that the Housing Choice Voucher Program establish and maintain a utility allowance schedule that provides reasonable allowances for tenant-paid utilities. The utility allowance is intended to enable participating families to pay typical costs for utilities and services paid by energy-conserving households occupying units of similar size and type in the same locality. HUD requires PHA to review the utility allowance annually. If there has been more than a 10% increase, the PHA must update the allowances

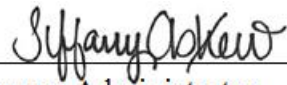
The Nelrod Company completed a comprehensive survey and study to develop utility allowance for the Housing Choice Voucher Program based upon a reasonable consumption of an energy conservative family of modest circumstances to provide for the basic essentials needed for a living environment that is safe, sanitary and healthful.

FINANCIAL CONSIDERATIONS:

Electric and Natural Gas service received a minimal increase. Whereas, Bottle Gas service increased a significant amount. The electrical allowances of a \$1.00 to \$2.00 increase will affect the majority of our families. SHA currently does not have families receiving an allowance for bottle gas. HCV staff and the Finance Department will monitor Housing Assistance Payments and Utility Reimbursement expenses.

POLICY CONSIDERATIONS:

Upon adoption by the Board of Commissioners, the revised utility allowances will be put into effect as of August 1, 2018 and will apply to new tenants as well as all current tenant completing annual recertification and unit transfers.

Respectfully Submitted, 
Tiffany Askew, HCV Program Administrator
Spartanburg Housing Authority

Tenant -Furnished Utilities and Other Services

Unit Type: High Rise/ Apartment/ Multi-Family

**Percentage of Change
Current (C) / Proposed (P)**

UTILITY OR SERVICE		0 BR			1 BR			2 BR			3 BR			4 BR			5 BR		
		C	P	% dif	C	P	% dif	C	P	% dif	C	P	% dif	C	P	% dif	C	P	% dif
Heating	a. Natural Gas	\$ 15	\$ 16	6%	\$ 18	\$ 19	5%	\$ 21	\$ 22	5%	\$ 23	\$ 24	4%	\$ 26	\$ 27	4%	\$ 28	\$ 30	7%
	b. Bottle Gas	\$ 35	\$ 45	22%	\$ 43	\$ 56	23%	\$ 49	\$ 64	23%	\$ 54	\$ 69	22%	\$ 60	\$ 77	22%	\$ 68	\$ 87	22%
	c. Electric	\$ 14	\$ 14	0%	\$ 16	\$ 17	6%	\$ 21	\$ 22	5%	\$ 26	\$ 27	4%	\$ 31	\$ 32	3%	\$ 36	\$ 37	3%
	d. Electric Heat Pump-	\$ 12	\$ 13	8%	\$ 14	\$ 15	7%	\$ 17	\$ 18	6%	\$ 18	\$ 20	10%	\$ 21	\$ 22	5%	\$ 23	\$ 24	4%
	e. Oil/Other	\$ 32	\$ 40	20%	\$ 36	\$ 45	20%	\$ 43	\$ 54	20%	\$ 48	\$ 60	20%	\$ 52	\$ 65	20%	\$ 57	\$ 71	20%
Cooking	a. Natural Gas	\$ 3	\$ 3	0%	\$ 3	\$ 3	0%	\$ 5	\$ 5	0%	\$ 6	\$ 6	0%	\$ 7	\$ 8	13%	\$ 8	\$ 9	11%
	b. Bottle Gas	\$ 6	\$ 8	25%	\$ 6	\$ 8	25%	\$ 10	\$ 13	23%	\$ 14	\$ 19	26%	\$ 19	\$ 24	21%	\$ 21	\$ 27	22%
	c. Electric	\$ 5	\$ 5	0%	\$ 6	\$ 6	0%	\$ 9	\$ 9	0%	\$ 12	\$ 12	0%	\$ 14	\$ 15	7%	\$ 17	\$ 18	6%
Other Electric (lighting & Appliances)		\$ 19	\$ 20	5%	\$ 23	\$ 24	4%	\$ 32	\$ 33	3%	\$ 41	\$ 43	5%	\$ 50	\$ 52	4%	\$ 59	\$ 61	3%
Air Conditioning		\$ 8	\$ 8	0%	\$ 9	\$ 10	10%	\$ 13	\$ 14	7%	\$ 17	\$ 18	6%	\$ 21	\$ 21	0%	\$ 24	\$ 25	4%
Water Heating	a. Natural Gas	\$ 6	\$ 6	0%	\$ 8	\$ 7	-14%	\$ 11	\$ 11	0%	\$ 14	\$ 13	-8%	\$ 16	\$ 16	0%	\$ 17	\$ 19	11%
	b. Bottle Gas	\$ 17	\$ 19	11%	\$ 20	\$ 21	5%	\$ 29	\$ 32	9%	\$ 37	\$ 40	8%	\$ 42	\$ 50	16%	\$ 46	\$ 58	21%
	c. Electric	\$ 16	\$ 13	-23%	\$ 19	\$ 15	-27%	\$ 27	\$ 19	-42%	\$ 34	\$ 23	-48%	\$ 40	\$ 28	-43%	\$ 44	\$ 32	-38%
	d. Oil/Other	\$ 15	\$ 14	-7%	\$ 18	\$ 17	-6%	\$ 24	\$ 26	8%	\$ 31	\$ 34	9%	\$ 35	\$ 43	19%	\$ 40	\$ 48	17%
Water		\$ 21	\$ 21	0%	\$ 21	\$ 21	0%	\$ 27	\$ 27	0%	\$ 33	\$ 33	0%	\$ 38	\$ 38	0%	\$ 44	\$ 44	0%
Sewer		\$ 30	\$ 30	0%	\$ 31	\$ 31	0%	\$ 41	\$ 41	0%	\$ 51	\$ 51	0%	\$ 61	\$ 61	0%	\$ 72	\$ 72	0%
Range/Microwave		\$ 12	\$ 11	-9%	\$ 12	\$ 11	-9%	\$ 12	\$ 11	-9%	\$ 12	\$ 11	-9%	\$ 12	\$ 11	-9%	\$ 12	\$ 11	-9%
Refrigerator		\$ 13	\$ 12	-8%	\$ 13	\$ 12	-8%	\$ 13	\$ 12	-8%	\$ 13	\$ 12	-8%	\$ 13	\$ 12	-8%	\$ 13	\$ 12	-8%
OTHER (Specify)	Monthly Electric Fee	\$ 10	\$ 9	-11%	\$ 10	\$ 9	-11%	\$ 10	\$ 9	-11%	\$ 10	\$ 9	-11%	\$ 10	\$ 9	-11%	\$ 10	\$ 9	-11%
	Monthly Gas Fee	\$ 9	\$ 9	0%	\$ 9	\$ 9	0%	\$ 9	\$ 9	0%	\$ 9	\$ 9	0%	\$ 9	\$ 9	0%	\$ 9	\$ 9	0%

Tenant -Furnished Utilities and Other Services

Unit Type: SingleFam/Detached House/Moblie Home

**Percentage of Change
Current (C) / Proposed (P)**

[illegible]

RESOLUTION NO. 2018-34

**ADOPTED BY THE BOARD OF COMMISSIONERS OF
THE SPARTANBURG HOUSING AUTHORITY**

July 24, 2018

**BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF
THE SPARTANBURG HOUSING AUTHORITY**

Staff recommends adoption of Resolution No. 2018-34, approval of updated Utility Allowance schedules effective August 1, 2018.

Charles White, Chairman

ATTEST:

SECRETARY

FOR CLERK USE ONLY

RESOLUTION NO. 2018-34

DATE ADOPTED: July 24, 2018



Action Items & Resolution

2018-35

**Project Based Voucher
Waiting List Preference**

**Board of Commissioners Meeting
Tuesday, July 24, 2018**

July 24, 2018

**Spartanburg Housing Authority
Spartanburg, SC 29306**

HONORABLE MEMBERS IN SESSION:

SUBJECT:

**REVISION TO SPARTANBURG HOUSING AUTHORITY'S HOUSING CHOICE
VOUCHER (HCV) ADMINISTRATIVE PLAN- Project Based Voucher Waiting List
Preference
Resolution #2018-35**

RECOMMENDATION:

Approve the revision of Chapter 17 of the HCV Administrative Plan to add an additional waiting list preference to the Project Based Voucher Program.

CONTACT PERSON:

Tiffany Askew
Housing Choice Voucher Administrator
864-598-6053

SUMMARY:

HUD requires that PHA's describe the method for selecting applicant families from the waiting list, including the system of admission preferences that the PHA will use. PHAs are permitted to establish local preferences, and to give priority to serving families that meet those criteria. HUD specifically authorizes and places restrictions on certain types of local preferences. HUD also permits the PHA to establish other local preferences, at its discretion. Any local preferences established must be consistent with the PHA plan and the consolidated plan, and must be based on local housing needs and priorities that can be documented by generally accepted data sources.

BACKGROUND:

Due to the transition the Rental Assistance Demonstration (RAD) Program, the additional preference is need to better service the families currently living in SHA properties. The additional preference will be added as follows:

Chapter 17 Project Based Vouchers

17-VLD. SELECTION FROM THE WAITING LIST

Preferences [24 CFR 983.251(d)]

The SHA shall select from the PBV waiting list first based upon date and time of application. Within the date and time of application, the SHA will offer a preference to:

1. All references of the HCV Program designated ranking system.
2. **Demolition/Disposition/Redevelopment** – Residents in “good standing” at a public housing community; a PHA sponsored mixed finance community; a RAD converted

community; or an existing rehabilitation property approved by the PHA pursuant to a solicitation for Project Based Vouchers, on the date that disposition, demolition, conversion or other such action was approved by HUD **(10 Points)**.

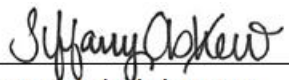
FINANCIAL CONSIDERATIONS:

None

POLICY CONSIDERATIONS:

Chapter 17 of the Administrative Plan of Housing Choice Voucher (HCV) Program will be revised to add the above waiting list selection preference.

Respectfully Submitted, _____



Tiffany Askew, HCV Program Administrator
Spartanburg Housing Authority

RESOLUTION NO. 2018-35

**ADOPTED BY THE BOARD OF COMMISSIONERS OF
THE SPARTANBURG HOUSING AUTHORITY**

July 24, 2018

**BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF
THE SPARTANBURG HOUSING AUTHORITY**

Staff recommends adoption of Resolution No. 2018-35, approval of the revision of the Housing Choice Voucher Administrative Plan Chapter 17 Project Based Vouchers Selection from the Waiting List Preference.

Charles White, CHAIRMAN

ATTEST:

SECRETARY

FOR CLERK USE ONLY

RESOLUTION NO. 2018-35

DATE ADOPTED: July 24, 2018



**Action Items &
Resolution 2018-36
Emergency Grant Resolution**

**Board of Commissioners Meeting
Tuesday, July 24, 2018**

July 24, 2018

**Spartanburg Housing Authority
Spartanburg, SC 29302**

HONORABLE MEMBERS IN SESSION:

SUBJECT:

**Emergency Capital Fund Grant- Archibald Highrise
Resolution #2018-36**

RECOMMENDATION:

Authorize the CEO to submit a Capital Fund Emergency grant request to HUD for the replacement of two elevators at Archibald High-rise.

CONTACT PERSON:

Terril Bates
CEO
864-598-6010

SUMMARY:

The two elevators at Archibald High-rise are experiencing increasing numbers of breakdown and other service issues such as outdated panels. SHA is seeking a long term solution which considers the safety of or residents, staff and visitors as well as eliminates the inconvenience created by inoperable elevators. Archibald is inhabited by seniors and persons with disability, a population deeply impacted by these occurrences.

SHA desires to submit an application to HUD for consideration of emergency capital funds to address this issue. The estimated cost of the replacements is \$450,000.

BACKGROUND:

SHA has contacted the Columbia Field Office regarding the elevators. Guidance as to the submission of the application was provided by the Field Office.

FINANCIAL CONSIDERATIONS:

SHA has budgeted \$450,000 nearly half of the 2019 Capital Fund Grant for replacement of the elevators. This award would permit these funds to be reallocated to RAD activity.

POLICY CONSIDERATIONS:

The Board of Commissioners is required to support the submission of the application by HUD.

Respectfully Submitted, _____
Terril Bates, CEO

RESOLUTION NO. 2018-36
ADOPTED BY THE BOARD OF COMMISSIONERS
OF THE SPARTANBURG HOUSING AUTHORITY
July 24, 2018

RESOLUTION

WHEREAS, the Housing Authority of the City of Spartanburg (SHA) is currently in urgent need of replacing elevators at Archibald High-rise due to deteriorating conditions which create frequent episodes of breakdown of the elevators, resulting in a safety issue for residents, staff and visitors,

WHEREAS, due to limited funds in both Reserves and the Capital Fund Grant, the replacement of the elevators is dependent upon SHA securing a U.S. Department of Housing and Urban Development Emergency Capital Fund Grant.

WHEREAS, SHA desires to submit a formal application to the Columbia HUD Field Office to obtain the required Emergency Grant Funds for replacement of the two elevators at Archibald High-rise,

NOW THEREFORE, be it resolved by the Board of Commissioners of the Housing Authority of the City of Spartanburg hereby authorize the CEO to execute the required documents as necessary and to submit an application to HUD for and Emergency Capital Fund Grant.

RECORDING OFFICER'S CERTIFICATION

I, Charles White, the duly appointed Chairman of The Housing Authority of the City of Spartanburg, do hereby certify that this resolution was properly adopted at a regular meeting of The Spartanburg Housing Authority held on July 24, 2018.

ATTEST:

Charles White, Chair

Secretary
Resolution #2018-36
July 24, 2018



Action Items & Resolution

2018-37

Equity Resolution

Board of Commissioners Meeting

Tuesday, July 24, 2018



July 24, 2018

**Spartanburg Housing Authority
Spartanburg, SC 29302**

HONORABLE MEMBERS IN SESSION:

SUBJECT:

**Archibald 9% Tax Credit Application
Resolution 2018-37**

RECOMMENDATION:

Authorize the CEO to submit a resolution S. C. Housing to affirm a commitment for use of \$317,855 reflected as Developer Equity in the application for a 9% tax credit award.

CONTACT PERSON:

Joseph Jackson
Deputy Director of Development and Capital Fund
864-598-6052

SUMMARY:

The SHA submitted an application to the South Carolina State Housing Finance and Development Authority for a 9% tax credit award for Archibald High-rise. On July 20, 2018, SHA received a notification from the underwriter requesting a board resolution for the use of equity funds in the amount of \$317,855. These are budgeted Capital Funds. HUD has approved the SHA Capital Fund budget submissions.

FINANCIAL CONSIDERATIONS:

SHA has received approval from HUD for the 2017 Capital Fund budget which includes \$634,813 in the Development Activities line item.

POLICY CONSIDERATIONS:

The Board of Commissioners is requested to approve this resolution in order to comply with the states request.

Respectfully Submitted, _____
Joseph Jackson, Deputy Director of Development and Capital Funds.

RESOLUTION NO. 2018-37

**ADOPTED BY THE BOARD OF COMMISSIONERS OF
THE HOUSING AUTHORITY OF THE CITY OF SPARTANBURG**

July 24, 2018

WHEREAS, the Housing Authority of the City of Spartanburg (SHA) is an applicant for an award of a 9% tax credit, for purposes of rehabilitation of the Archibald High-rise;

WHEREAS, developer equity in the amount of \$317,855 is available to be committed to the project in the 2017 Capital Fund budget, which has the approval of HUD;

WHEREAS, the funds are to be released to satisfy verified invoices for pre-construction, construction or required relocation costs;

WHEREAS, SHA desires to be in compliance with a request by the South Carolina State Housing Finance and Development Authority;

NOW THEREFORE, be it resolved by the Board of Commissioners of the Housing Authority of the City of Spartanburg the CEO is hereby authorized to provide as an authorization for the commitment of these funds, this resolution.

ATTEST:

Charles White, Chairman

Secretary

FOR CLERK USE ONLY

RESOLUTION NO. 2018-37

DATE ADOPTED: July 24, 2018



Monthly Reports:

CEO

Terril Bates

Board of Commissioners Meeting
Tuesday, July 24, 2018



July 24, 2018

**Housing Authority of the City of Spartanburg
Spartanburg, SC 29302**

HONORABLE MEMBERS IN SESSION:

**SUBJECT:
CEO REPORT FOR THE MONTH OF JUNE**

CONTACT PERSON:

Terril Bates
CEO
864-598-6010

OVERVIEW:

The month of June provided a number of exciting projects including a RAD Community Committee meeting on June 4th. A RAD meeting was held at Camp Croft on June 19th. The next meeting will be held during the month of September. Initial interview began with Chief Operating Officer Candidates as well as Americorp members. I participated in an activity sponsored by the City of Spartanburg at CC Woodson on the evening of June 7th which encouraged abstinence for girls. United Way meetings included the Housing Committee, Community Impact Committee, Board of Directors meeting, Born Learning, UW Rehearsal and finally the UW Annual Meeting at the Chapman Cultural Center on June 28th.

A Father's Day event on June 16th was a huge success. Twenty five male vendors including attorneys, athletes, military and financial professionals shared the morning with boys who live in our communities. Boys had the opportunity to have one on one interaction with professional males.

I worked with staff and the grant writer in the preparation of the Mainstream and FUP grants. Mainstream was submitted. DSS was unable to join us as a partner for FUP. This made SHA ineligible to apply.

Training with new procurement staff has begun. A formal training session will be attended on July 17, 2018. Several staff evaluations as well as my own were conducted during the month. The Chairman met with me and expressed that the board prefers not to be involved in operations but would be more policy focused. A set of goals were established for me for the 2019 evaluation period.

The Accounting Manager raised concerns regarding interest rates of one of the SHA accounts. A meeting was held with representatives from BB&T, SHA and Commissioner Myers on June 11th. The bank provided a response but did not address the Commissioners interest in a Sweep

account. A conference call was held with BB&T, their Representative from Treasury and SHA staff on July 10th to discuss the Sweep Account option. I determined that this type of account presents a risk for SHA as our staff is not adequately familiar with the nuances of each of the type of funds that we manage. Any small oversight could result in findings or more serious action by HUD. SHA staff as well as BB&T would be involved in the regular movement of funds. The bank could produce regular reports. This activity would add an additional administrative function that the department is not prepared to absorb at this time. The projected potential interest gained will not be significant enough to add staff and oversight to manage this. At the inception of this contract SHA negotiated a 65 basis point agreement with the bank and does not pay fees. Numerous PHAs contacted us to “piggyback” as they had 25 basis point agreements with BB&T. We agreed that we would revisit a review of our accounts at a future date.

Our Business Manager launched the summer food program with great success. I provided support as needed. There were 8,046 meals served during the month at eight locations. Natalie Smith and Tyrone Meadows have done an outstanding job with this project.

A Lunch and Learn was held for the Board of Commissioners on June 20th to review a proposed Pre Development Agreement and Master Development Agreement. Regular contact continues with NHP as well as the two other active developers. Commissioner Fairey reported to HUD that he completed the Lead the Way Training on June 7th. Commissioner Brown received a certificate for completion of Commissioner Ethics and will complete the NAHRO Commissioner training in July. One Commissioners training is outstanding. Ralph Settle was appointed by the City Council to serve effective October 1st. He will replace Molly Talbot Metz.

Work continued on the Five Year Plan which will be sent to HUD on July 12th.

The following activities occurred during the months of April and May. I attended all recurring and special meetings including Mosaic for AFFH, Opportunity Zone discussion with a D. C. Representative, City Staff and other, the Herald for a general update on SHA activities. Meetings were held with private citizens who support SHA programs.

Per the instruction of the board a notice was prepared regarding commercial real estate. There have been no responses to date. The Realtors Association was also contacted. They advised that they deal with residential and would not be interested in commercial matters. I have searched LoopNet.com and shared with the board locations that contained adequate square footage.

IN PROCESS

MOU signed with Shepard Center for Seniors

MOU being negotiated with Scouts for program at Victoria- Carnival Aug 28th

MOU being reviewed with United Way for partnership with T-Mobile

Creating Born Learning Communities

COO Onboarding

Volunteer support for Intervention/Archibald

Opportunity Zone Discussion

Transfer of Assets from SLHC to SAHC

Planning for Commissioner retreat-pending confirmation of dates and agenda

Respectfully Submitted, _____
Terril Bates, CEO
Housing Authority of the City of Spartanburg



Monthly Reports:
Finance
Angela Leopard

Board of Commissioners Meeting
Tuesday, July 24, 2018

For nine months ending June 2018

*Budget Revision has addressed all budgetary concerns at this time.

*PHA's received notice that HAP funds that had been anticipated at 96% proration, would be funded at 100% for CY2018. Staff continues to monitor the HAP program utilizing the two year tool provided by HUD.

*PHA's received notice that HCV Admin will be funded at a 76% proration for CY2018. HCV Admin was budgeted conservatively, based on a 70% proration. Staff continue to monitor HCV Admin expenses due to tight funding allocations.

*HUD sent payment for HAP revenue error for April and May.

*Calculated as percentage allocation of HCV Admin budget.

*PTD NOI 63% higher than budgeted. No concerns.

*Management is continually working with property staff to address property needs with excess funds. It is anticipated that by year end the operating expenses will be in line with the budget.

SPARTANBURG HOUSING AUTHORITY
Asset Management Financials- Per AMP

Actual to Budget Variance Comparison

For nine months ending June 2018

	Month To Date				Period to Date				Annual Budget		
	MTD Actual	MTD Budget	\$ Variance	% Variance	PTD Actual	PTD Budget	\$ Variance	% Variance	% Used PTD	Annual Target	
1 Cambridge/Brawley											
Total Revenue	\$ 2,444	\$ 3,313	\$ (869)	-26%	\$ 22,595	\$ 27,586	\$ (4,991)	-18%	38,819	58.2%	75.0%
Total Operating Expenses	2,049	3,194	(1,145)	-36%	15,713	22,084	(6,371)	-29%	30,479	51.6%	75.0%
Net Operating Income	\$ 395	\$ 119	\$ 276	232%	\$ 6,882	\$ 5,502	\$ 1,380	25%	40,684		
2 Scattered Sites											
Total Revenue	\$ 4,809	\$ 6,566	\$ (1,757)	-27%	\$ 49,905	\$ 51,380	\$ (1,475)	-3%	71,084	70.2%	75.0%
Total Expenses	\$ 3,397	\$ 9,293	(5,896)	-63%	\$ 51,972	\$ 72,769	(20,797)	-29%	100,553	51.7%	75.0%
Reserve transfer out (in)	(2,456)	(2,456)			(22,102)	(22,102)			(29,469)		
Net Operating Income (loss)	\$ 3,868	\$ (271)	\$ 4,139	-1526%	\$ 20,035	\$ 713	\$ 19,322	2711%	-		
3 Prince Hall											
Total Revenue	\$ 58,342	\$ 54,573	\$ 3,769	7%	\$ 496,436	\$ 476,324	\$ 20,112	4%	640,056	77.6%	75.0%
Total Expenses	\$ 65,869	\$ 49,457	16,412	33%	\$ 553,992	\$ 489,400	64,592	13%	633,852	87.4%	75.0%
Net Operating Income (loss)	\$ (7,527)	\$ 5,116	\$ (12,643)	-247%	\$ (57,556)	\$ (13,076)	\$ (44,480)	340%	39,167		
4 Victoria Gardens											
Total Revenue	49,567	50,585	\$ (1,018)	-2%	438,478	431,778	\$ 6,700	2%	583,528	75.1%	75.0%
Total Expenses	47,760	52,848	(5,088)	-10%	444,216	460,566	(16,350)	-4%	616,491	72.1%	75.0%
Reserve transfer out (in)	\$ (2,747)	\$ (2,747)			\$ (24,722)	\$ (24,722)			(32,963)		
Net Operating Income	\$ 4,554	\$ 484	\$ 4,070		\$ 18,985	\$ (4,066)	\$ 23,050		32,963		
5 Camp Croft											
Total Revenue	\$ 57,874	\$ 57,039	\$ 835	1%	\$ 513,967	\$ 505,483	\$ 8,484	2%	676,604	76.0%	75.0%
Total Expenses	58,782	53,691	5,091	9%	543,594	517,848	25,746	5%	678,469	80.1%	75.0%
Reserve transfer out (in)	(155)	(155)			(1,399)	(1,399)			(1,865)		
Net Operating Income (loss)	\$ (753)	\$ 3,503	\$ (4,256)	-121%	\$ (28,228)	\$ (10,966)	\$ (17,262)	157%	-		
6 Archibald Hi-Rise											
Total Revenue	\$ 72,805	\$ 73,844	\$ (1,039)	-1%	\$ 657,607	\$ 652,011	\$ 5,596	1%	873,312	75.3%	75.0%
Total Expenses	\$ 65,313	\$ 74,645	\$ (9,332)	-13%	\$ 647,900	\$ 655,147	\$ (7,247)	-1%	872,527	74.3%	75.0%
Net Operating Income	\$ 7,492	\$ (801)	\$ 8,293	-1035%	\$ 9,707	\$ (3,136)	\$ 12,843	-410%	785		
7 Archibald Village											
Total Revenue	\$ 26,778	\$ 25,423	\$ 1,355	5%	\$ 228,741	\$ 222,352	\$ 6,389	3%	298,621	76.6%	75.0%
Total Operating Expenses	\$ 22,577	\$ 26,194	\$ (3,617)	-14%	\$ 182,877	\$ 201,474	\$ (18,597)	-9%	279,960	65.3%	75.0%
Net Operating Income	\$ 4,201	\$ (771)	\$ 4,972	-645%	\$ 45,864	\$ 20,878	\$ 24,986	120%	18,661		

Spartanburg Housing Authority

Capital Grant Programs

June 30, 2018

CAPITAL FUND 2016						%	
Obligation Date: 4/13/2016			Budget	Drawn	Balance	Completion	
End date : 12/2018							
	1408 Management Improvement		125,500	38,956	86,544		
	1410 Administration		128,964	128,964	-		
	1430 Fees and Costs		150,000	55,705	94,295		
	1460 Dwelling Structures		165,335	51,800	113,535		
	1475 Non-Dwelling Structures		35,000	9,895	25,105		
	1495 Relocation Costs		45,000		45,000		
	1503 RAD-CFP		379,843	366,669	13,174		
	1504 RAD Investment Activity		260,000	138,676	121,324		
			1,289,642	790,665	498,977	61%	
CAPITAL FUND 2017						%	
Obligation Date: 08/16/2017			Budget	Drawn	Balance	Completion	
End date : 08/15/2019							
	1408 Management Improvement		91,158	-	91,158		
	1410 Administration		92,644	92,644	-		
	1430 Fees and Costs		100,000		100,000		
	1460 Dwelling Structures		7,827		7,827		
	1499 Development Activity		634,818		634,818		
			926,447	92,644	833,803	10%	
CAPITAL FUND 2018						%	
Obligation Date: 05/29/2018			Budget	Drawn	Balance	Completion	
End date : 05/28/2020		0100 Reserved Budget	1,421,450	-	1,421,450		
			1,421,450	0	0	1,421,450	0%
Replacement Housing Factor Funds							
			Authorized	Draws	Balance	% Complete	
CAPITAL FUND REPLACEMENT HOUSING FACTOR 2014							
Obligation Date:							
Term Date:							
	1410 Administration		9,968	9,968	-		
	1499 Development Activity		108,079	83,416	24,662		
	1501 Collateral Exp/Debt serv		166,135	166,135	0		
			284,182	259,520	24,662		
CAPITAL FUND REPLACEMENT HOUSING FACTOR 2015							
Obligation Date:							
Term Date:							
	1499 Development Activity		218,757	0	218,757	0%	
CAPITAL FUND REPLACEMENT HOUSING FACTOR 2016							
Obligation Date:							
Term Date:							
	1499 Development Activity		225,533	0	225,533	0%	
CAPITAL FUND REPLACEMENT HOUSING FACTOR 2017							
Obligation Date:							
Term Date:							
	1499 Development Activity		162,926	0	162,926	0%	
TOTAL RHF FUNDS							
			891,398	259,520	631,878	29%	
TOTAL CAPITAL GRANTS			4,528,937	1,142,828	3,386,109	25%	



Monthly Reports: Programs Dashboard

**Board of Commissioners Meeting
Tuesday, July 24, 2018**

Housing Authority of the City of Spartanburg

Programs Dashboard

JUNE 2018

ASSET MANAGEMENT

COMPLIANCE/REGULATORY

Public Housing Occupancy

As part of HUD's Public Housing Utilization Project, as of June 2018, Asset Management ended the month at 96.92%. The targeted goal is to maintain an occupancy of 97% overall. Excluding the vacant units at Scattered Sites, the SHA would have reached that goal with a 98.18% overall occupancy. Total Vacant Units excluding Scattered Sites is 13 Units; 4 of which are off-line for extensive repairs.

HUD GOAL	SHA Actual	Excluding Outliers
97%	96.92%	98.18%

TARS

- The Tenant Accounts Receivable Collection rate for SHA managed developments was 98.24% for all public housing properties and 100% for SHA managed market units and multi-family properties. Prince Hall and Scattered Sites had the lowest collection rates for the month.

HUD GOAL	SHA PH Actual	SHA MF and Market Actual
98.5%	98.24%	100%

MILESTONES

- The Archibald Hi-Rise apartment experienced a small cooking fire on Sunday, June 24, 2018. No residents were hurt and the site incurred water damage from the fourth floor down.
- All Property Management staff completed an 8 hour Mental Health First Aid training offered by SC Thrive. This valuable training will be necessary for staff to be able to provide initial help to residents experiencing mental health related problems that may interfere with their tenancy.

CAPITAL FUND

CAPITAL FUND TABLE

Replacement Housing Factor		Grant No. SC16R003502-14			
Original Award Amount	Obligation Deadline	Expenditure Deadline	Amount Dispersed		Amount Available
\$284,182	10/29/2016	10/29/2018	\$259,519.68		\$24,662.32
Replacement Housing Factor		Grant No. SC16R003502-15			
Original Award Amount	Obligation Deadline	Expenditure Deadline	Amount Dispersed		Amount Available
\$218,757	4/12/2020*	4/12/2022			\$218,757
Replacement Housing Factor		Grant No. SC16R003502-16			
Original Award Amount	Obligation Deadline	Expenditure Deadline	Amount Dispersed		Amount Available
\$225,533	4/12/2021*	4/12/2023			\$225,533
Replacement Housing Factor		Grant No. SC16R003502-17			
Original Award Amount	Obligation Deadline	Expenditure Deadline	Amount Dispersed		Amount Available
\$162,926	8/15/2019	8/15/2021			\$162,926
Capital Fund Program		Grant No. SC16P003501-16			
Original Award Amount	Obligation Deadline	Expenditure Deadline	Amount Obligated	Amount Dispersed	Amount Available
\$1,289,642.00	4/12/2018	4/12/2020	\$1,244,642	\$790,664.75	\$498,977.25
Capital Fund Program		Grant No. SC16P003501-17			
Original Award Amount	Obligation Deadline	Expenditure Deadline	Amount Obligated	Amount Dispersed	Amount Available
\$926,447	8/15/2019	8/15/2021	\$92,644.00	\$92,644.00	\$833,803.00
Capital Fund Program		Grant No. SC16P00351-18			
Original Award Amount	Obligation Deadline	Expenditure Deadline	Amount Obligated	Amount Dispersed	Amount Available
\$1,421,450					\$1,451,450

*Approved extension deadlines from HUD

Compliance/ Regulatory: The Capital Fund is awarded by HUD annually based in part on the number of units in the PHA portfolio. SHA must submit a proposed budget to HUD for approval. Funds must be obligated within 24 months and expended within 48 months. The funds are generally approved for projects directly associated with asset management. Ten percent of the award may be committed to the COCC and categories such as “Management Improvement” may be approved by HUD. (an example would be computer upgrades which benefit the overall operation of the authority). Much of SHA’s historical capital fund was used to satisfy outstanding debt (Capital Fund Financing). The RHF funds are committed to be utilized in the project on the Northside, currently underway. The expenditure date has been extended by HUD:

- 2016 Capital Fund Obligation and Disbursement End dates
 - 1) April 13, 2016 Obligation Start Date
 - 2) April 12, 2018 Obligation End Date
 - 3) April 12, 2020 Disbursement End Date

- 2017 Capital Fund Obligation and Disbursement End dates
 - 1) August 16, 2017 Obligation Start Date
 - 2) August 15, 2019 Obligation End Date
 - 3) August 15, 2021 Disbursement End Date
- 2018 Capital Fund Obligation and Disbursement End date
 - 1) May 28, 2018 Obligation Start Date
 - 2) May 28, 2020 Obligation End Date
 - 3) May 28, 2022 Disbursement End Date
- Monthly reporting by the 5th of each month on the obligation and expenditure of each open Capital Fund in the Line of Credit Control System (LOCCS)

OUTLIERS

- Anticipating not receiving Capital Funds in 2019
- Majority of 2017 Capital Fund have been obligated for RAD
- Lack of Capital Funds to meet SHA's physical needs of the properties

MILESTONES

- Proposed budget for 2018 Capital Funds to be submitted in the Energy Performance Information Center(EPIC)

DEVELOPMENT

COMPLIANCE/REGULATORY

- SHA must issue RFP's and RFQ's for developer and contractor activity while adhering to SHA and HUD procurement policies

OUTLIERS

- SHA experiences challenges in attracting interested and qualified vendors

MILESTONES

- Received two bids for the General Contractor RFP

NHP Foundation was introduced to the residents at Camp Croft during the tenant meeting on June 19, 2018. A meeting with Buddy Bush and NHP Foundation was held to discuss the potential of a new concept at Camp Croft. Scheduled site visits of four vacant scattered site homes with the City of Spartanburg. Construction drawings were provided to Tyson and Billy Architect while they performed the RAD Physical Needs Assessment (RPCA) for Country Garden Estates, Collins Park, The Ridge at Southport, and Cottage Grove.

HOUSING CHOICE VOUCHER PROGRAM

COMPLIANCE/REGULATORY

- The HUD requirement is that the PHA utilizes 98% of its vouchers or 98% of its allocated funding.
- The **Housing Choice Voucher Program's (HCV)** cumulative leasing and budget utilization from the 24 Month Tool.

Cumulative % Annual Leased	Cumulative % Eligibility Expended	Monthly UML %	Monthly ABA Expended %
91.5%	96.1%	90.0%	97.5%

- The current monthly lease up rate for **HCV** which includes **Project Based Voucher (PBV)** and **Rental Assistance Demonstration (RAD)** Programs:

HCV	PBV	RAD
90%	99%	92%

- The **Mod Rehab Program (MOD)** leasing rate is 90%:

Norris Ridge	Morningside
90%	91%

- The **Tenant Based Rental Assistance Program (TBRA)** leasing rate is 58%.

OUTLIERS

- The HCV Department is working to maintain leasing within our budget allocation in the HCV, RAD, PBV, and MOD Rehab programs to ensure that the program meets HUD requirements.
- The Mod Rehab Program leasing is at the required 90%.
- TBRA Program has decreased to seven (7) participants. There are four (4) veterans searching for housing.

MILESTONES

- Housing Choice Voucher Program issued twenty-two (22) vouchers, one hundred and five (105) searching and nine (9) vouchers expired.
- The HCV, PBV and RAD programs had a net gain of one (1) unit.
- The MOD Rehab Program had a net loss of four (4) units.
- The HCV FSS Program currently has 58 participants and an escrow balance of \$95,302. The escrow balance is being reviewed, which may resulting in changes to the amount.