

This instrument prepared by:
Sharon Miller, Assistant City Attorney
Office of the City Attorney
City of Fort Lauderdale
P.O. Box 14250
Fort Lauderdale, FL 33302

CITY OF FORT LAUDERDALE
RENTAL REHABILITATION PROGRAM PROMISSORY NOTE
(Deferred Payment)

DATE: August 20, 2009
NAME:

HOUSING OPPORTUNITIES, MORTGAGE ASSISTANCE, & EFFECTIVE
NEIGHBORHOOD SOLUTIONS, INC., a Florida not for profit corporation,
doing business as H.O.M.E.S., Inc.

PROJECT: Homes Inc.

FOR VALUE RECEIVED, the undersigned (referred to as "Maker") jointly and severally promise to pay to the order of the CITY OF FORT LAUDERDALE, FLORIDA (referred to as the "City"), or its successors in interest, the principal amount of One Hundred Sixty Thousand & 00/100 Dollars (\$160,000.00) ("Original Loan Amount"). As used herein loan shall refer to the Original Loan Amount.

In addition to the Original Loan Amount City has loaned to Maker the sum of Eleven thousand ("\$11,717.46") to pay required insurance on the Properties described herein for a one year period with an option for City to loan an additional amount for required insurance for one additional year ("Insurance Loan Amount") as provided in the Agreement described herein. This Insurance Loan Amount shall only be due if there is a default in the Loan or mortgage during the term when the first year of this loan commencing on the date the City pays the insurance amount and if City pays a second year, if there is a default during the second year. The Insurance Loan Amount shall no longer be due or part of the Loan Amount as evidenced by this Note as secured by the Mortgage at the conclusion of the one-year period following the date the City pays the insurance amount.

1. TERM. The loan will be for a period of twenty (20) years from April 1, 2009 with no payments (but interest accruing) during the first five (5) years and payments beginning on the first day of the first month of the sixth (6th) year payable in equal monthly installments in the amount of \$1,183.15, until paid in full. The monthly payment-beginning year six (6) is calculated by determining the monthly payment for the twenty (20) year term. The sum of those 240 payments is then divided by 180 (payments for 15 years) to determine the monthly repayment amount. Total principal and interest due shall be \$212,965.48. Program repayment shall begin on April 1, 2014. Repayment shall be made with 179 monthly installments of \$1,183.15 and with a final payment of \$1,181.63.

The final payment shall be due on or before March 31, 2029. The Owner may request an estoppel letter and prepay such balance due, at any time during the twenty (20) year term.

2. INTEREST RATE: The interest rate on the principal amount of the loan shall be three percent (3%) per annum, starting on April 1, 2009.
3. PAYMENT: Payment of the entire principal amount, or such part of the principal amount as has not been forgiven, is due immediately: (1) should the property be used for non-residential purposes; or (2) should the property not be maintained in standard condition; or (3) in the event of a default in the Mortgage, or in the performance of any of the covenants, understandings and agreements obtained and entered into to secure financing used in connection with this Note or in said Mortgage. In such event, the entire unpaid principal amount and accrued interest, if any, of this Note shall, become at once due and collectable without notice, time being of the essence, in accord with the Rental Rehabilitation Program Participation Agreement (referred to as "Agreement") and Mortgage recorded in the public records as security for this note for construction of the Project as defined in the Agreement. The unpaid principal amount and accrued interest, if any, shall both bear interest at the legal maximum rate accruing thirty (30) calendar days after the time of such default until paid. Failure of the City to exercise its option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default.

The payment on the principal amount of this Note is to be made in lawful money of the United States paid at:

CITY OF FORT LAUDERDALE
FINANCE DEPARTMENT
P.O. BOX 14250
FORT LAUDERDALE, FL 33302

The undersigned Maker reserves the right to prepay at any time all or any part of the principal amount of this Note without the payment of penalties, interest or premiums. During the deferred payment term of five (5) years, this Note will accrue interest. Any payment of this Note prior to any event of default during the term of the deferment shall be applied solely to the principal amount due on this Note.

If suit is instituted by the City to recover on this Note, the undersigned Maker agrees to pay all costs of such collection, including reasonable attorney's fees and court costs at the trial and appellate levels.

This Note is secured by a Mortgage on real estate, for a Rental Rehabilitation Program loan, recorded in O. R. Book 46479 Page 50-58 of the official record books of Broward County duly filed for record in Broward County, Florida.

The City agrees to look solely to the real estate located at Lots 30 through 37, Block 112, of PROGRESSO, according to the Plat thereof, recorded in Plat Book 2, Page 18, of the Public Records of Miami-Dade County, Florida, said lands now lying, being, and situate in Fort

Lauderdale, Broward County, Florida
as security for this Note in part or in full, at any time to satisfy the debt established by this Note.

also known as

Building # 1: 1222 NE 6 Avenue occupying Lots 36 & 37
Building # 2: 1218 NE 6 Avenue occupying Lots 34 & 35
Building # 3: 1216 NE 6 Avenue occupying Lots 32 & 33
Building # 4: 1212 NE 6 Avenue occupying Lots 30 & 31

Fort Lauderdale, Florida.

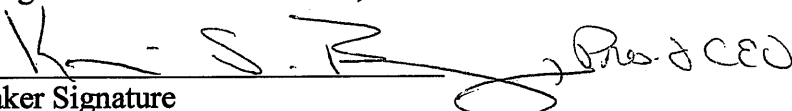
The undersigned Maker hereby waives demand, protest and notice of demand and the undersigned Maker hereby waives, to the extent authorized by law, any and all homestead and other exemption rights which otherwise would apply to the debt evidenced by this Note.

Whenever used herein the terms "City", and "Maker" shall be construed in the singular or plural as the context may require or admit as of its date.

IN WITNESS WHEREOF, this Note has been duly executed by the Maker, as of its date.

MAKER:

HOUSING OPPORTUNITIES, MORTGAGE
ASSISTANCE, & EFFECTIVE NEIGHBORHOOD
SOLUTIONS, INC., a Florida not for profit corporation,
doing business as H.O.M.E.S., Inc.


Maker Signature

Katharine S. Barry, President & CEO
Maker Name - Printed or Typed

PREPARED BY AND RETURN TO:
Sharon P. Miller, Assistant City Attorney
City of Fort Lauderdale
Housing & Community Development
1409 NW 6 Street (Sistrunk Blvd.)
Fort Lauderdale, Florida 33311

INSTR # 108816615
OR BK 46479 Pages 50 - 58
RECORDED 08/26/09 10:35:33
BROWARD COUNTY COMMISSION
DOC STMP-M: \$601.30
DEPUTY CLERK 1922
#1, 9 Pages

Space Reserved for Recording Information

**CITY OF FORT LAUDERDALE
RENTAL REHABILITATION PROGRAM MORTGAGE**

THIS MORTGAGE entered into on this 20th day of August, 2009, between, H.O.M.E.S., Inc., hereinafter called, and if more than one party, individually, jointly and severally hereinafter called "Mortgagor", with a business address of 690 N.E. 13th St., Suite 102, in the City of Fort Lauderdale, Broward County, Florida, and the City of Fort Lauderdale, Florida, hereinafter called "Mortgagee".

WITNESSETH: That Mortgagor, in consideration of the principal sum specified in the promissory note executed by the Mortgagor, to secure the payment of an indebtedness in the principal amount of One Hundred Sixty Thousand & 00/100 Dollars (\$160,000.00) with interest if any, thereon, which shall be payable in accordance with the terms of the Participation Agreement between Mortgagor and Mortgaged on file with the office of the City Clerk, City of Fort Lauderdale and certain Promissory Note, hereinafter called "Note", and the sum of Eleven thousand ("\$11,717.46") to pay required insurance on the Properties described herein for a one year period with an option for City to loan an additional amount for required insurance for one additional year ("Insurance Loan Amount") as provided in the Agreement described herein; and all other indebtedness which the Mortgagor is obligated to pay to the Mortgagee pursuant to the provisions of the Notes and this Mortgage, the Mortgagor hereby grants, conveys and mortgages to the Mortgagee:

ALL that certain lot, piece or parcel of land situate in Broward County, Florida, more particularly described as follows:

Lots 30 through 37, Block 112, of PROGRESSO, according to the Plat thereof, recorded in Plat Book 2, Page 18, of the Public Records of Miami-Dade County, Florida, said lands now lying, being, and situate in Fort Lauderdale, Broward County, Florida.

also known as

Building # 1: 1222 NE 6 Avenue occupying Lots 36 & 37.
Building # 2: 1218 NE 6 Avenue occupying Lots 34 & 35.
Building # 3: 1216 NE 6 Avenue occupying Lots 32 & 33.

A

Building # 4: 1212 NE 6 Avenue occupying Lots 30 & 31.

TOGETHER with all appurtenances thereto and all the estate and rights of the Mortgagor in and to such property or in anywise appertaining thereto; all buildings and other structures now on hereafter thereon erected or installed, and all fixtures and articles of personal property now or hereafter attached to, or used in, or in the operation of, any such land, buildings or structures which are necessary to the complete use and occupancy of such buildings or structures for the purposes for which they were or are to the complete use and occupancy of such buildings or structures for the purposes for which they were or are to be erected or installed, including, but not limited to, all heating, plumbing, bathroom, lighting, cooking, laundry, ventilating, refrigerating, incinerating and air-conditioning equipment and fixtures, and all replacements thereof and additions thereto, whether or not the same are or shall be attached to such land, buildings or structures in any manner;

TOGETHER with any and all awards now or hereafter made for the taking of the property mortgaged hereby, or any part thereof (including any easement) by the exercise of the power of eminent domain, including any award for change of grade of any street or other roadway, which awards are hereby assigned to the Mortgagee and are deemed a part of the property mortgaged hereby, and the Mortgagee is hereby authorized to collect and receive the proceeds of such awards, to give proper receipts and acquaintances therefore, and to apply the same toward the payment of the indebtedness secured by this Mortgage, notwithstanding the fact that the amount owing thereon may not then be due and payable; and the Mortgagor hereby agrees, upon request, to make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning each such award to the Mortgagee, free, clear and discharged of any encumbrances of any kind or nature whatsoever; and

TOGETHER with all right, title and interest of the Mortgagor in and to the land lying in the streets and roads in front of and adjoining the above described land (all the above described land, buildings, other structures, fixtures, articles of personal property, awards and other rights and interests being hereinafter collectively called the "mortgaged property").

TO HAVE AND TO HOLD the mortgaged property and every part thereof unto the Mortgagee, its successors and assigns forever as security for the payment of the promissory note of which the attached note is a true copy and for the purposes and uses herein set forth.

AND the Mortgagor further covenants and agrees with the Mortgagee, during the term of this Mortgage as follows:

1. The Mortgagor shall promptly pay the principal of and interest, if any, on the indebtedness evidenced by the Note(s), and all other charges and indebtedness provided therein and in this Mortgage, at the times and in the manner provided in the Note(s) and in this Mortgage.

2. The Mortgagor shall pay when due, as hereinafter provided, all ground rents, if any, and all taxes, assessments, water rates and other governmental charges, fines and

impositions, of every kind and nature whatsoever, now or hereafter imposes on the mortgaged property, or any part thereof, and shall pay when due every amount of indebtedness secured by any lien to which the lien of this Mortgage is expressly subject.

3. This Mortgage and Note(s) were executed and delivered to secure monies credited in full to the Mortgagor by the Mortgagee as or on account of a Rental Rehabilitation Program Loan evidenced by the Note(s), for the purpose of making the improvements described or referred to in the Participation Agreement made and entered into between the Mortgagor and Mortgagee, hereinafter referred to as "Agreement", the same being incorporated herein verbatim and made a specific part of this Mortgage by reference, to or on the mortgaged property, and for such other purpose, if any, described or referred therein, which improvements are hereinafter collectively referred to as the "Improvements". The Mortgagor shall make or cause to be made all Improvements. If the construction or installation of the Improvements shall not be carried out with reasonable diligence, in the sole opinion of the Mortgagee, or shall be discontinued at any time for any reason, other than strikes, lock-outs, acts of God, fires, floods, or other similar catastrophes, riots, war or insurrection, the Mortgagee, after due notice to the Mortgagor, is hereby authorized to: (a) enter upon the mortgaged property and employ any watchmen, protect the Improvements from depreciation or injury and to preserve and protect such property; (b) carry out any or all then existing contracts between the Mortgagor and other parties for the purpose of making any of the Improvements; (c) make and enter into additional contracts and incur obligations for the purposes of completing the Improvements pursuant to the obligations of the Mortgagor hereunder, either in the name of the Mortgagee or the Mortgagor; and, (d) pay and discharge all debts, obligations and liabilities incurred by reason of any action taken by the Mortgagee as provided in this Paragraph, all of which amounts so paid by the Mortgagee, with interest, if any, thereon from the date of each such payment, at the rate, if any, provided in the Note (s), shall be payable by the Mortgagor to the Mortgagee on demand and shall be additionally secured by this Mortgage. This Insurance Loan Amount shall only be due if there is a default in the Loan or mortgage during the term when the first year of this loan commencing on the date the City pays the insurance amount and if City pays a second year, if there is a default during the second year. The Insurance Loan Amount shall no longer be due or part of the Loan Amount as evidenced by the note as secured by this Mortgage at the conclusion of the one year period following the date the City pays the insurance amount.

4. The Improvements and all plans and specifications therefore shall comply with all applicable municipal ordinances, regulations and rules made or promulgated by lawful governmental authorities, and upon their completion, shall comply therewith and with such ordinances, rules and regulations having jurisdiction over the Mortgaged property.

5. No building or other structure or improvement, fixture or personal property mortgaged hereby shall be removed or demolished without the prior written consent of the Mortgagee. The Mortgagor shall not make, permit or suffer any alteration of or addition to any building or other structure or improvement now or which may hereafter be erected or installed upon the mortgaged property, or any part thereof, except the improvements required to be made pursuant to Paragraph 3 hereof, nor shall the Mortgagor use, or permit or suffer the use of, any of the mortgaged property for any purpose other than the purpose or purposes for which the same is now intended to be used, without the prior written consent of the Mortgagee. The Mortgagor

shall maintain the mortgaged property in good condition and state of repair and shall not suffer or permit any waste to any part thereof, and shall promptly comply with all the requirements of Federal, State and Local governments, or of any departments, divisions or bureaus thereof, pertaining to such property or any part thereof.

6. Except as permitted as provided in the Agreement, the Mortgagor shall not voluntarily create, or permit or suffer to be created or to exist, on or against the mortgaged property, or any part thereof, any lien superior to the lien of this Mortgage, exclusive of the lien or liens, if any, to which this Mortgage is expressly subject, as set forth in the granting clause above, and shall keep and maintain the same free from the claims of all parties supplying labor or materials which shall enter into the construction or installation of the Improvements.

7. (a) The Mortgagor shall keep all buildings, other structures and improvements, including equipment, now existing or which may hereafter be erected or installed on the land mortgaged hereby, insured against loss by fire and other hazards, casualties and contingencies, including flood insurance, in such amounts and manner, and for such periods all as may be required from time to time by the Mortgagee pursuant to this Mortgage and the Agreement. Unless otherwise required by the Mortgagee, in the Agreement, all such insurances shall be effected by Standard Fire and Extended Coverage Insurance Policies, in amounts not less than necessary to comply with the coinsurance clause percentage of the value applicable to the location and character of the property to be covered. All such insurance shall be carried in companies approved by the Mortgagee and all policies therefore shall be in such form and shall have attached thereto loss payable clauses in favor of the Mortgagee and any other parties as shall be satisfactory to the Mortgagee including the holder of a lien of a mortgage or similar instrument to which this Mortgage is expressly subject. Certificates satisfactory to the Mortgagee of all such policies, and attachments thereto, shall be delivered promptly to the Mortgagee. The Mortgagor shall pay promptly when due, as provided in the Agreement, any and all premiums on such insurance, and in every case in which payment thereof is not made from the deposits therefore required (if required) by this Mortgage, promptly submit to the Mortgagee for examination receipts or other evidence of such payment as shall be satisfactory to the Mortgagee. The Mortgagee at its option may obtain and pay the premium for every kind of insurance required in the Agreement upon the renewal date and in the amount of such premium required by the Agreement.

(b) In the event of loss or damage to the mortgaged property, the Mortgagor shall give to the Mortgagee immediate notice thereof by mail, and the Mortgagee may make and file proof of loss if not made otherwise promptly by or on behalf of the Mortgagor. Each insurance company issuing any such policy is hereby authorized and directed to make payment there under for such loss to the Mortgagor and the Mortgagee jointly, unless the amount of loss is payable first to the holder of a lien under a mortgage or similar instrument to which this Mortgage is expressly subject; and the insurance proceeds, or any part thereof, if received by the Mortgagee, may be applied by the Mortgagee, at its option, either in reduction of the indebtedness hereby secured, or to the restoration or repair of the mortgaged property damaged. In the event of foreclosure of this Mortgage, or of any transfer of title to the mortgaged property in extinguishment of such indebtedness, all right, title and interest of the Mortgagor in and to every such insurance policy then in force, subject to the rights and interest of the holder of any such

prior lien, shall pass to the grantee acquiring title to the mortgaged property together with such policy and appropriate assignment of such right, title and interest which shall be made by the Mortgagor.

8. The Mortgagor reserves the right to prepay at any time all or any part of the principal and interest, if any, provided in the Note(s), without the payment of penalties or premiums.

9. Upon any failure by the Mortgagor to comply with or perform any of the terms, covenants or conditions of the Agreement and this Mortgage requiring the payment of any amount of money by the Mortgagor, other than the principal amount of the loan evidenced by the Note(s), interest, if any, and other charges, as provided in the Note(s), the Mortgagee may, at its option, make such payment. Every payment so made by the Mortgagee (including reasonable attorney's fees incurred thereby), with interest, if any, thereon from the date of such payment, at the rate provided in the Note, except any payment for which a different rate of interest is specified in the Agreement, shall be payable by the Mortgagor to the Mortgagee on demand and shall be secured by this Mortgage. This Mortgage with respect to any such amount and the interest, if any, thereon shall constitute a lien on the mortgaged property prior to any other lien attaching or accruing subsequent to the lien of this Mortgage.

10. The Mortgagee, by any of its agents or representatives, shall have the right to inspect the mortgaged property from time to time at any reasonable hour of the day. Should the mortgaged property, or any part thereof, at any time require inspection, repair, care or attention of any kind or nature not provided by this Mortgage as determined by the Mortgagee in its sole discretion, the Mortgagee may, after notice to the Mortgagor, enter or cause entry to be made upon the mortgaged property and inspect, repair, protect, care for or maintain such property, as the Mortgagee may in its sole discretion deem necessary, and may pay all amounts of money therefore, as the Mortgagee may in its sole discretion deem necessary.

11. The principal amount owing on the Note(s) together with interest, if any, thereon and all other charges, as therein provided, and all other amounts of money owing by the Mortgagor to the Mortgagee pursuant to and secured by this Mortgage or provided in the Agreement, shall immediately become due and payable without notice or demand upon the appointment of a receiver or liquidator, whether voluntary or involuntary, for the Mortgagor or any of the property of the Mortgagor, or upon the filing of a petition by or against the Mortgagor under the provisions of any State insolvency law, or under the provisions of the Federal Bankruptcy Act, as the same now exists or as it may later be amended, or upon the making by the Mortgagor of an assignment for the benefit of the Mortgagor's creditors. The Mortgagee is authorized to declare, at its option, all or any part of such indebtedness immediately due and payable upon the happening of any of the following events:

- (a) Failure to pay the remaining balance or deferred principal and interest, if any, or other charges payable on the Note, which have become due under the terms of the Agreement, this Mortgage, and the Note.

(b) Nonperformance by the Mortgagor of any covenant, understanding, term or condition of the Agreement, this Mortgage, or of the Note (except as otherwise provided in subdivision (a) hereof) or of any other agreement heretofore, herewith or hereafter made by the Mortgagor with the Mortgagee in connection with such indebtedness, after the Mortgagor has been given due notice by the Mortgagee of such nonperformance.

(c) Failure of the Mortgagor to perform any covenant, agreement, term or condition in any instrument creating a lien upon the mortgaged property, or any part thereof, which shall have priority over the lien of this mortgage.

(d) The Mortgagee's discovery of the Mortgagor's failure in any application of the Mortgagor to the Mortgagee to disclose any fact deemed by the Mortgagee to be material, or for the making therein, or in the Agreement entered into by the Mortgagor with the Mortgagee (including, but not limited to, the Note(s) and this Mortgage) of any misrepresentation by or on behalf of, or for the benefit of the Mortgagor.

(e) The Mortgagee's failure to exercise any of its rights hereunder shall not constitute a waiver thereof. all the events in this Paragraph enumerated upon the happening of any of which the Note shall become, or may be declared to be, immediately due and payable are in the Agreement and this Mortgage called "events of default".

12. The Mortgagee may from time to time cure each default under any covenant or agreement in any instrument creating a lien upon the mortgaged property, or any part thereof, which shall have priority over the lien of this Mortgage, to such extent as the Mortgagee may exclusively determine, and each amount paid, if any, by the Mortgagee to cure any such default shall be paid by the Mortgagor to the Mortgagee, and the Mortgagee shall also become subrogated to whatever rights the holder of the prior lien might have under such instrument.

13. (a) After the happening of any default hereunder, the Mortgagor shall, upon demand of the Mortgagee, surrender possession of the mortgaged property to the Mortgagee, and the Mortgagee may enter such property, and let the same and collect all rents therefrom which are due or to become due, and apply the same, after payment of all charges and expenses, on account of the indebtedness hereby secured, and all such rents and all leases existing at the time of such default are hereby assigned to the Mortgagee as further security for the payment of the indebtedness secured hereby; and the Mortgagee may also dispossess, by the usual summary proceedings, any tenant defaulting in the payment of any rent to the Mortgagee.

(b) In the event that the Mortgagor occupies the mortgaged property or any part thereof, the Mortgagor agrees to surrender possession of such property to the Mortgagee immediately after any such default hereunder, and if the Mortgagor remains in possession after such default, such possession shall be as a tenant of the Mortgagee, and the Mortgagor shall pay in advance, upon demand by the Mortgagee, as a reasonable monthly rental for the premises occupied by the Mortgagor, the greater of: an amount at least equivalent to one-twelfth of the aggregate or the twelve monthly installments payable in the current calendar year, if any, plus the actual amount of the annual ground rent, if any, taxes, assessments, water rates, other governmental charges, and insurance premiums payable in connection with the mortgaged

property during such year, or an amount to be determined by the Mortgagee based on rents of comparable properties; and upon the failure of the Mortgagor to pay such monthly rental, the Mortgagor may also be dispossessed by the usual summary proceedings applicable to tenants. This covenant shall become effective immediately upon the happening of any such default, as determined in the sole discretion of the Mortgagee, who shall give notice of such determination to the Mortgagor, and in the case of foreclosure and the appointment of a receiver of the rents, the within covenant shall inure to the benefit of such receiver.

14. The Mortgagee in any action to foreclose this Mortgage shall be entitled to the appointment of a receiver without notice, as a matter of right and without regard to the value of the mortgaged property, or the solvency or insolvency of the Mortgagor or other party liable for the payment of the Note and other indebtedness secured by this Mortgage.

15. The Mortgagor, within ten (10) days upon request in person or within twenty (20) days upon request by mail, shall furnish promptly a written statement in form satisfactory to the Mortgagee, signed by the Mortgagor and duly acknowledged, a statement of the amount then owing on the Note and other indebtedness secured by this Mortgage, and whether any offsets or defenses exist against such indebtedness or any part thereof.

16. The Mortgagor shall give immediate notice by registered or certified mail to the Mortgagee of any fire, damage or other casualty affecting the mortgaged property, or of any conveyance, transfer or change in ownership of such property, or any part thereof, occurs.

17. Notice and demand or request may be made in writing and may be served in person or by mail.

18. In case of a foreclosure sale of the mortgaged property, it may be sold in one parcel.

19. The Mortgagor shall not assign the rents, if any, in whole or in part, from the mortgaged property, or any part thereof, without the prior written consent of the Mortgagee.

20. The Mortgagor is lawfully seized, in fee simple title, of the mortgaged property and has good right, full power and lawful authority to sell and convey the same in the manner above provided, and shall warrant and defend the same to the Mortgagee forever against the lawful claims and demands of any and all parties whatsoever.

21. The Mortgagor hereby waives the benefit of all homestead exemptions as to the debt secured by this Mortgage and as to any expenditure for insurances, taxes, levies, assessments, dues or charges incurred by the Mortgagee pursuant to any provision of this Mortgage

22. It is further covenanted and agreed by the parties hereto that this Mortgage also secures the payment of and includes all future, or further advances as shall be made by the Mortgagee herein or its successors or assigns, to or for the benefit of the Mortgagors, or their heirs, personal representatives, or assigns, for the term of indebtedness under the Agreement,

Promissory Note and Mortgage, to the same extent as if such future advances were made on the date of the execution of this Mortgage.

The total amount of indebtedness that may be secured by this Mortgage may decrease or increase from time to time, and any and all disbursements made by the Mortgagee for the payment of taxes, levies or insurance on the property covered by the lien of this Mortgage with interest on such disbursements at the rate specified in the Note referred to in this Mortgage, and for reasonable attorneys' fees and court costs incurred in the collection of any and all of such sums of money.

Such further or future advances shall be wholly optional with the Mortgagee, and the same shall bear interest at the rate as specified in the Note referred to herein, unless said interest rate shall be modified by subsequent agreement.

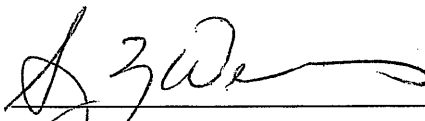
23. This Mortgage and all the covenants, agreements, terms and conditions herein contained shall be binding upon and inure to the benefit of the Mortgagor and the heirs, legal representatives and assigns of the Mortgagor, and, to the extent permitted by law, every subsequent owner of the mortgaged property, and shall be binding upon and inure to the benefit to the Mortgagee and its assigns. If the Mortgagor, as defined herein, consists of two or more parties, this Mortgage shall constitute a grant and mortgage by all of them jointly and severally, and they shall be obligated jointly and severally under all the provisions hereof and under the Note. The work "Mortgagee" shall include any person, corporation or other party who may from time to time be the holder of this Mortgage. Wherever uses herein, the singular number shall include the plural, the plural number shall include the singular, and the use of any gender shall be applicable to all genders wherever the sense requires.

IN WITNESS WHEREOF, this Mortgage has been duly signed and sealed by the Mortgagor on or as of the day and year first above written.

WITNESSES:

MORTGAGOR:

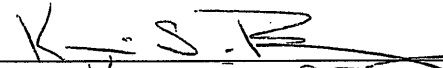
HOUSING OPPORTUNITIES,
MORTGAGE ASSISTANCE, &
EFFECTIVE NEIGHBORHOOD
SOLUTIONS, INC., a Florida not
for profit corporation, doing business
as H.O.M.E.S., Inc.



Suzanne Z Weiss
Print Name



[illegible]
Print Name

 Pres/CEO
Name: Katherine S. Remy
Address: 690 W 81st St, Suite 102
Ft. Lauderdale, FL 33304

Name: _____

Lena Johnson
Print Name

Address: _____
Fort Lauderdale, FL _____

STATE OF: FLORIDA
COUNTY OF: BROWARD

The foregoing instrument was acknowledged before me this 20 day of August,
2009 by Katharine S. Barry, President & CEO of H.O.M.E.S., Inc. who has/have produced Knowledge personally
as identification.

(SEAL)

Rachel Kelly Silber
Signature - Notary Public
Notary Public, State of Florida



Name of Notary Typed, Printed
or Stamped

RENTAL REHABILITATION LOAN AGREEMENT

THIS IS A RENTAL REHABILITATION LOAN AGREEMENT, entered into this
21 day of January, 2009, between:

THE CITY OF FORT LAUDERDALE, a municipal corporation,
organized and existing under the laws of the State of Florida,
hereinafter referred to as "City",

and

HOUSING OPPORTUNITIES, MORTGAGE ASSISTANCE, &
EFFECTIVE NEIGHBORHOOD SOLUTIONS, INC., a Florida not-
for-profit corporation, doing business as H.O.M.E.S., Inc.,
hereinafter referred to as "Owner".

Pursuant to Motion approved by the City Commission at its meeting of January 21, 2009, the City Commission approved an exception to the Program requirements as provided herein and approved execution of this Agreement.

Pursuant to Resolution No. 08-148, adopted at its meeting of July 15, 2008, the City Commission of the City of Fort Lauderdale amended the Florida SHIP 2007-2010 Local Housing Assistance Plan to include the Rental Rehabilitation Program (hereinafter "Program").

Pursuant to Resolution No. 09-120 adopted at its meeting of May 5, 2009 the City Commission of the City of Fort Lauderdale amended the Florida SHIP 2004-2007 and 2007-2010 Local Housing Assistance Plan to assist participants in the Program by providing a forgivable loan to pay for homeowners, windstorm and flood insurance required to be maintained by Owner on the rehabilitated property. The loan for insurance is available for a maximum of two (2) years.

The purpose of the Program is to provide to property owners interest bearing loans which will aid in the rehabilitation of rental property for income eligible tenants.

Owner submitted a proposal requesting SHIP funding for rental rehabilitation work on four (4) multiple family dwellings, which proposal is attached here to as Exhibit "A" along with a list of items to be funded pursuant to this Agreement. OK

Pursuant to an Agreement between H.O.M.E.S. Inc. and Broward County dated December 10, 2008, County granted \$160,000 of SHIP funds to pay for one-half of the costs of the redevelopment project as more particularly described on Exhibit "B". It is acknowledged that Owner is required to construct those items listed on Exhibit "A" to be funded by City pursuant to the terms of this Agreement and those items listed on Exhibit "B" to be funded by Broward County simultaneously. OK

The term of the loan made pursuant to Program is a three percent (3%) interest bearing loan with a twenty (20) year term. Although interest shall accrue during the first five (5) years of this loan, repayment of both principal and interest is deferred for the first five (5) years. The monthly payment beginning Year 6 is calculated by determining the monthly payment for the 20 year term. The sum of those 240 payments is then divided by 180 (payments for 15 years) to determine the monthly repayment amount.

Property owners who participate in the Program, must possess a minimum of twenty percent (20%) equity in the property to be rehabilitated under the Program. Pursuant to Motion approved by the City Commission at its meeting of January 21, 2009, the City Commission found good cause to approve Owner's request to modify two Program requirements: (1) for this loan to have a loan-to-value ratio greater than 0.80, and (2) for this project to proceed without a payment and performance bond.

In order to participate in this Program a property owner must comply with all federal and/or state requirements with regards to receipt of SHIP monies from the City.

The property owner represents that it understands the existing policies and procedures as outlined under the Program guidelines and agrees that compliance with such guidelines is required in order to participate.

The City follows the State of Florida SHIP Guidelines for determining the eligible and ineligible rehabilitation costs to be funded.

Any and all references to terms of days in this agreement, are to be considered as Business Days and are defined as Monday through Friday, not including City, state, or federal holidays.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements, and other good and valuable consideration, the receipt of which is acknowledged, the parties agree to and are bound as follows:

1. PURPOSE.

The purpose of this Agreement is to provide the rights, duties and obligations of the City and Owner in order for Owner to be awarded money from City, through the Program. The loan proceeds received by Owner in accordance with this Agreement shall be used solely in connection with the rehabilitation costs of residential rental units on real property located on property legally described as follows:

Lots 30 through 37, Block 112, of PROGRESSO, according to the Plat thereof, recorded in Plat Book 2, Page 18, of the Public Records of Miami-Dade County, Florida, said lands now lying, being, and situate in Fort Lauderdale, Broward County, Florida;

also known as

Building # 1: 1222 NE 6 Avenue occupying Lots 36 & 37,

Building # 2: 1218 NE 6 Avenue occupying Lots 34 & 35,
Building # 3: 1216 NE 6 Avenue occupying Lots 32 & 33,
Building # 4: 1212 NE 6 Avenue occupying Lots 30 & 31,

hereinafter referred to as "Property".

2. LOAN TERMS.

(A) **LOAN AMOUNT.** The principal amount of the loan associated with this Agreement (hereinafter, "Loan") shall not exceed One Hundred Sixty Thousand & 00/100 Dollars (\$160,000.00). Loan proceeds will be used to pay for rehabilitation expenses as outlined in "Exhibit A", attached hereto. The term of the Loan is twenty (20) years. Although interest shall accrue during the first five (5) years of the Loan, payment on the principal and interest amount of the Loan shall be deferred during the first five (5) years of the Loan. For purposes of this Agreement, the Loan shall commence on February 1, 2009. Total principal and interest due shall be \$212,965.48.

(B) **INTEREST RATE.** The interest rate on the principal amount of the Loan shall be three percent (3%) per annum, except in an event of default, as defined in this section at Paragraph (D).

(C) **REPAYMENT.** Program repayment shall begin on February 1, 2014. Repayment shall be made with 179 monthly installments of \$1,183.15 until the Loan is paid in full with a final payment of \$1,181.63. The final payment shall be due on or before January 31, 2029. The Owner may request an estoppel letter and prepay such balance due, at any time during the 20 year term. The Owner may begin payment at any time during the first five years. There is no prepayment penalty, and any partial pre-payments shall be applied to principal (as long as payments are current).

Each installment payment is due and payable to the City on the first day of the month. A grace period of up to fifteen (15) days for the first month shall be given for each payment due. If any such payment due is not received by the City on the sixteenth day of the first month in which it is due, the payment shall be delinquent and subject to the late payment provisions and default provisions provided herein. There is no grace period for subsequent months of a late payment.

(D) **LATE PAYMENT.** Each payment received by the City that is considered late shall be subject to a late payment penalty at the rate of five percent (5%) per month for each month or part thereof during which it is considered delinquent.

(E) **SECURITY.** The Loan shall be secured by a Second Mortgage upon the Property described in Paragraph 1. above, and upon all residential dwellings and other improvements located thereon. The entire amount of the Loan balance and accrued interest will become due and payable, by Owner, upon a prohibited conversion, sale or use of the Property during the term of this Loan.

The City and Owner acknowledge and agree that the City's Loan will be subordinate only to an existing 1st mortgage given by the Owner to STONEGATE BANK, a Florida banking corporation, located at 1430 North Federal Highway, Fort Lauderdale, FL 33304. This 1st mortgage is affirmed through a mortgage modification and renewal agreement signed on July 25, 2008, and recorded in

Broward County public records in O.R. Book 45574 beginning at Page 71, on July 30, 2008. Owner has represented and City relies thereon, that the Lender has agreed to renew the Note and extend the Maturity Date to July 25, 2009.

(F) CLOSING. The closing on this Loan shall occur no later than fifteen (15) working days from the date of the execution of this Agreement. The closing on this Loan shall occur at the principal office of the City Attorney, City of Fort Lauderdale, City Hall, 100 North Andrews Avenue, Fort Lauderdale, Florida, or such other place as may be agreed upon by the parties.

Prior to closing, the Owner either has provided or will provide to the City a copy of the construction contract with the general contractor; a Title Insurance Commitment relating to the title insurance policy required by this Agreement; a subordination of two existing mortgages; and evidence of insurance which meets the requirements of this Agreement, all of which shall be submitted to the City within ten (10) working days from the date of execution of this Agreement. The timely submission of such documents shall constitute a condition precedent to the closing of this transaction.

(G) DISBURSEMENTS. As a ministerial function, the City shall serve in the capacity of a disbursing agent for the Owner. The Loan proceeds made available to the Owner shall be disbursed by the City for all hard and soft costs related to the rehabilitation construction improvements and the financing charges and fees related to construction.

Disbursements for hard and soft costs shall be made payable to both the Owner and the General Contractor, requiring the Owners' signature to countersign and release the check for payment(s) to the General Contractor. The Owner shall not unreasonably withhold approval of any partial and final payments to the General Contractor, subject to the requirements set forth or referred to in the Program guidelines.

Payments are being made with the understanding that Broward County is making payments for the improvements shown on Exhibit "B" which are being made concurrently with the City funded improvements being made as listed on Exhibit "A". City will withhold twenty percent (20%) of total Loan proceeds as final payment and pay same upon evidence that Broward County has completed its payments and the Project is complete.

(H) INSURANCE COST. As part of the LHAP Program, City shall pay the cost of Owner's fire, windstorm and flood insurance required to be carried by Owner as provided in Paragraph 5 of this Agreement ("Cost of Insurance or COI") for a one (1) year period with an option for a second year subject to the conditions provided in this Paragraph (H). Payments for COI shall be disbursed directly by the HCD to the insurance company providing the insurance and Owner shall receive a written record of the payment. In order for HCD to pay the COI, Owner shall provide HCD a copy of the insurance invoice and if determined by HCD to be a valid invoice for the insurance required to be provided by this Agreement, HCD shall provide payment to the insurance company for coverage for a one (1) year period. Owner may apply to HCD and receive approval for payment of a part or all of required insurance for a second year if it shows that Owner is in good standing and is meeting all of the terms of this Agreement and it is shown by Owner that due to the ongoing regular cost of operating the rental rehabilitation housing pursuant to the terms of this Agreement, the Owner

is unable to pay for the second year of insurance coverage. HCD shall have the sole discretion to determine whether to approve a second year payment of the COI. The COI funded by HCD for Owner's required insurance shall only be repayable by the Owner if Owner defaults on the Loan within the period of time the Insurance is paid by HCD. Upon default of the Loan during the term when the COI is funded by HCD, the amount of insurance shall be added to the total Loan amount and shall be payable by Owner to City in accordance with the terms of this Agreement that are applicable to repayment of the Loan.

Owner shall be obligated to pay and maintain all insurance required to be provided at its own cost following the termination of HCD's payment of the Insurance Costs for Owner. Owner's failure to provide insurance in accordance with this Agreement shall constitute an event of default as provided in this Agreement.

3. OWNER OBLIGATIONS.

The Property is subject to the following specific obligations for the entire term of the mortgage executed as security for this Agreement:

(A) Owner shall not convert the units on the Property to condominium ownership or any form of cooperative ownership.

(B) Owner shall not discriminate against prospective tenants on the basis of their receipt of or eligibility for housing assistance under any federal, state, or local housing assistance program.

(C) All of the dwelling units on the Property shall be made available for rent to low or very-low income residents only. Any and all dwelling units shall be continually occupied, post rehabilitation, by low or very-low income households during the term of the Loan. The determination of who qualifies as low and very-low income households shall be based on the most recent State of Florida low and very-low income guidelines by family size.

4. GENERAL CONDITIONS.

Owner agrees to comply with the following federal laws and executive orders:

(A) Section 109 of Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301 et. seq., particularly 42 U.S.C. 6101 et. seq., and 29 U.S.C. 794). This section mandates that no person on the grounds of race, color, national origin, sex, age or religion shall be excluded from participation, denied the benefits of or otherwise be subject to discrimination under any activity funded in whole or in part by CDBG funds. These provisions shall apply to this SHIP funded Project.

(B) The Americans with Disabilities Act of 1990. This law prohibits discrimination on the basis of disability in employment, state and local government service and in public accommodations in commercial facilities. The Act defines the range of conditions that qualify as disabilities and the reasonable accommodations that must be made to assure equality of opportunity, full participation, independent living and economic self sufficiency for persons with disabilities.

(C) Any Federal, State, County or local age discrimination law in effect on the date this Agreement was approved, as amended providing in essence that no person shall be excluded from participation, denied program benefits or subjected to discrimination on the basis of age under any program or activity receiving federal assistance.

(D) Conflict of Interest. Except for employees or independent contractors not associated with the Owner except under contract with the Owner to provide the services to be performed as described in this Agreement, such names to be specifically listed and provided to the City at the time Owner executes this Agreement, no person, who is an employee, agent, consultant, officer, or board member of the Owner who exercises or has exercised any functions or responsibilities with respect to the SHIP funds to be provided or the activities and services to be performed under this Agreement, or who is in a position to participate in a decision making process or gain inside information with regard to such activities, or a principal by whom such person is retained is allowed to obtain a financial interest in or benefit from this Agreement or the services or activities to be provided under this Agreement, or have a financial interest in any contract, subcontract or agreement regarding the activities or services described in this Agreement or the proceeds derived from such activities. The activities include but are not limited to the purchasing or selling any real property that has been purchased or sold with all or a portion of SHIP funds, either for themselves or any person who is an employee, agent, consultant, officer, or elected or appointed official of the Owner, and to their immediate family members, and business partners, during their tenure or for one year thereafter, subject to the exceptions stated in 24 C.F.R. 570.611 (d) or 24 C.F.R. 92.356 (d), which exceptions require written approval from City. Owner shall be required to submit a Certificate of compliance with respect to this provision upon the payment by City of SHIP funds.

This provision is applicable to the procurement of supplies, equipment, construction and services; acquisition and disposition of real property; provision of assistance to individuals, businesses or private entities for all eligible activities (24 CFR 570.201-204) and the provision of loans to individuals, businesses, and other entities.

The term "immediate family ties" means an individual who is related to a public officer, public employee, officer, director, person having an equity ownership in the Owner of five percent (5%) or more or business associate of a person having an ownership interest in the Owner of five percent (5%) or more as father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, grandparent, great grandparent, grandchild, great grandchild, step grandparent, step grandparent, step grandchild, step great grandchild, person who is engaged to be married to the public officer or employee or officer, director, person having an equity ownership in the Owner of five percent (5%) or more or business associate described above or who otherwise holds himself or herself out as or is generally known as the person with whom the public officer or public employee or officer, director, person having an equity ownership in the Owner of five percent (5%) or more or business associate described above intends to marry or intends to form a household or any other natural person having the same legal residence as the public officer or public employee or officer, director, person having an equity ownership in the Owner of five percent (5%) or more or business associate as described above.

(E) Public Law 90-284. (The Fair Housing Act 42 U.S.C. 2000d et seq.). Owner's Property must be developed in a manner to affirmatively further the policies of the Fair Housing Act. Furthermore, Owner must affirmatively further fair housing by identifying any impediments to fair housing, and take appropriate action to overcome such impediments.

5. INSURANCE AND INDEMNIFICATION.

A title insurance company acceptable to the City shall issue its policy for mortgage title insurance, in the amount of the Loan, ensuring the City and its assigns that the mortgage is a valid Second Mortgage on the Property, on an extended coverage basis, subject only to such exceptions as are approved by the City in writing. Such insurance shall be on the standard ALTA Form now in use and shall make no exceptions for filed or unfiled mechanics' liens, and shall specifically insure that the Mortgage is superior to any unfiled mechanics' liens and that payments to any lienor for service, labor or materials rendered prior to the recordation of the Notice of Commencement are "proper payments" under and according to the Florida Mechanics Lien Laws. Such title insurance policy, if the policy contains an exception limiting the amount of its coverage to amounts actually disbursed by the City to the Owner, shall obligate the Title Insurer to deliver to the City (at no expense to the City) a written endorsement, satisfactory to the City, to the policy each time a disbursement is made hereunder increasing the amount of policy coverage to the amount of the Loan actually disbursed. The Title Insurer shall also deliver to the City evidence, acceptable to the City, confirming that the title insurance policy has been paid for by the Owner and that all endorsements for disbursements of Loan proceeds and such other endorsements as the City shall require will be issued at the request of the City without cost or expense to the City.

Owner agrees to obtain and keep in force during the term of the Loan, insurance against loss by fire and windstorm and against such other losses that would be covered by extended coverage, and other perils insurance, and flood insurance as described below. Coverage is to be provided to the extent of the full insurable value in the company or companies with such financial responsibility as found acceptable to the City. The policy or policies shall name the City as an additional insured. The Owner will continue to provide current certificates of all policies to the City. The initial certificates shall be provided to the City prior to the first reimbursement payment request to the City. In the event any such sums of money become payable under such policy or policies the City shall have the option to receive and apply the same on account of the indebtedness hereby secured, or to permit the Owner to receive and use such sums, or any part thereof, for other purposes, without thereby waiving or impairing any equity, lien, right by virtue of this Agreement. Should the Owner fail to keep said improvements so insured or should the Owner fail to pay any premium becoming due on any such policy or policies on or before the due date thereof, the City may place and/or pay for such insurance or any part thereof without waiving or affecting its option to foreclose or any right hereunder, and each and every such payment shall bear interest at the legal rate.

These policies shall provide for notice to the City of any claims made under said policies and for at least ten (10) days written notice to the City prior to any change in the policy or coverage afforded thereby, cancellation for any reason, or payment of any claims to any persons.

It is agreed by and between the City and Owner that Owner shall protect, defend, indemnify

and hold harmless the City of Fort Lauderdale, its officers, employees and agents, from and against any and all lawsuits, penalties, claims, damages, settlements, judgments, decrees, costs, charges and other expenses or liabilities of every kind, sort or description including, but not limited to, attorneys' fees at both the trial and appellate levels, in connection with or arising, directly or indirectly, out of or resulting from the Owner's acts or omissions in performing their obligations under this Agreement. Without limiting the foregoing, any and all such claims, relating to personal injury, death, damage to property, defects in material or workmanship, actual or alleged infringement or any patent, trademark, copyright or of any other tangible or intangible personal or property right, or any actual or alleged violation of any applicable statute, ordinance, administrative order, rule or regulation or decree of any court, are included in the indemnity. The Owner further agrees to investigate, handle, respond to, provide defense for, and defend any such claims, at its sole expense and agrees to bear all other costs and expenses related thereto, even if the claim(s) is groundless, false or fraudulent.

6. CONTRACT CANCELLATION.

In the event of contract cancellation or any other Event of Default, the entire unpaid principal amount and accrued interest remaining on the Loan shall become immediately due and payable, without notice or demand, and interest as determined by the City shall begin to accrue thereon after thirty (30) calendar days from the date of cancellation or default, as established by the City.

7. EVENTS OF DEFAULT.

The following events shall constitute an "Event of Default" pursuant to this Agreement:

(A) Failure of the Owner to make payment on the Note thirty (30) days or more after the payment due date.

(B) An Event of Default, as defined in the Mortgage or any other security instrument associated with this Agreement.

(C) If the rehabilitation construction work on the Property is not commenced within thirty (30) days from the date of the closing on the Loan. The use of unacceptable construction elements and raw materials, (as determined by the City), or if construction work is substantially discontinued without cause (as determined by the City) for a period of fifteen (15) days or more.

(D) If the rehabilitation improvements violate any ordinance, regulation, rule or direction of any federal or state agency, or any governmental or quasi governmental authority, or any zoning setback lines; or any building permit is revoked or suspended or shall lapse; or if the Owner fails to satisfy in a timely manner the conditions of any permit or license which is conditional in nature so as to prevent its validity.

(E) If any claim of lien is filed against the Property and not released within ten (10) days from the date of filing, or the Owner fails to post a statutory bond and have obtained a discharge of such Claim of Lien from the Property within ten (10) days from the date of filing.

(F) The Owner fails to perform any covenant or term or condition of this Agreement; or any representation or warranty of the Owner herein or in any other Loan document executed concurrently herewith or made subsequent hereto shall be found to be inaccurate, untrue or breached; or shall fail to timely perform all terms and conditions for disbursement.

(G) If the Owner or any endorser of the note files a voluntary petition in bankruptcy or shall be adjudicated as bankrupt or insolvent or shall file any petition or answer seeking a reorganization arrangement, composition readjustment, liquidation, wage earners plan, assignment for the benefit of creditors, receivership dissolution or similar relief under any present or future Federal Bankruptcy Act or any other present or future applicable federal, state or other local law, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Owner or all or any part of the Property of Owner or endorser of the Note; or if within ten (10) days after commencement of any proceeding against the Owner or endorser of the note, seeking any reorganization arrangement, composition readjustment, liquidation, dissolution, debtor relief, or similar relief under any present or future Federal Bankruptcy Act or any other present or future federal, state, or other local law, such proceedings shall not have been dismissed or stayed on appeal; or if, within ten (10) days after the appointment, without the consent or acquiescence of the Owner or any endorser of the note or any trustee, receiver or liquidator of the Owner or any endorser of the note, or of all or any portion of the Property, such appointment shall have been vacated or stayed on appeal or otherwise; or if within ten (10) days after the expiration of such stay, such appointment shall not have been vacated.

(H) The Owner, without City prior approval in writing, undertakes or contracts for rehabilitation, construction work on the Property outside of or beyond the scope of the plans and specifications as identified in Exhibit "A" and Exhibit "B", except as otherwise authorized in this Agreement.

(I) A violation or breach occurs in any agreement, covenant or restriction affecting title to the property but not limited to any such matters appearing as permitted policy of title insurer insuring the mortgagee.

(J) A sale transfer or conveyance of the Property.

(K) The breach, violation or failure to perform any of the obligations of the Owner or any of the covenants and conditions contained in any of the Loan documents executed simultaneously herewith.

(L) In the event of default, interest may be charged at the maximum rate allowed by law.

Upon the occurrence of any Event of Default, the City shall cease making disbursements hereunder and, if Owner shall have failed to cure such default within any applicable cure period as may here and above be provided may:

(1) Declare immediately due and payable, all monies advanced hereunder and accordingly, accelerate payment of the note, and at City option, commence a foreclosure of the mortgage or take any other action permitted thereby or appropriate by law.

(2) Enter upon the Property and take possession thereof together with the improvements rehabilitated, constructed or being rehabilitated thereon, all books, records, files, correspondence and other material of the Owner related to the Property, the plans and specifications, shop drawings, and materials, supplies, tools, equipment and construction facilities and appliances located thereon or stored off site in connection with the Property and proceed, either in the name of the City or in the name of the Owner (as the latter's attorney in fact, which authority is coupled with an interest and is irrevocable by the Owner), as the City shall elect to complete or cause to be completed, the rehabilitation at the cost and expense of the Owner. If the City so completes, it may do so according to the terms of this Loan, or according to such changes, alterations, or modifications in the construction as the City shall deem expedient or necessary and the City may enforce or cancel all contracts which in the opinion of City may deem advisable and the Owner shall be liable under the Loan Agreement, under the note and the mortgage, to pay the City any amount or amounts expended by the City for such performance, together with any costs, charges or incident thereto or otherwise incurred or expended by the City on behalf of the Owner in connection with the completion of the construction. A statement of such expenditures, verified by the affidavit of an officer of the City, shall be prima facie evidence of the amounts so expended and of the necessity for such expenditures, and the burden of proving to the contrary shall be upon the Owner. The City shall have the right to apply any funds agreed to be advanced hereunder to bring about the completion of the rehabilitation and to pay the cost thereof, and if such money so agreed to be an advance are insufficient, the Owner agrees to deliver and pay to the City such sums of money as the City may from time to time demand for the purpose of completing the rehabilitation or of paying any liability, charge or expense time, demand for which may have been incurred or assumed by the City under or in connection with the performance of this Agreement.

(M) The remedies herein provided for shall in addition to and not a substitution for the rights and remedies which would otherwise be vested in the City in law or equity under the note or the mortgage and any other Loan documents all of which rights and remedies are specifically reserved by the City, any failure by the City to exercise the remedies herein provided shall not precluded the resort to any other remedy or remedies of damages or otherwise in the event of a breach of any of the undertakings of the Owner hereunder. No delay or omission by the City in exercising any rights or remedy occurring upon the happening of an Event of Default shall impair any such right or remedy or shall be construed as a waiver of any such default; and every right and remedy hereby conferred upon the City may be exercised from time to time and as often as shall be deemed expedient by the City. No waiver of any impending default shall extend to or affect any other Event of Default.

8. ASSUMPTION.

Neither the Loan, nor this Agreement is assumable. Any disbursed funds are immediately due upon the sale or transfer of the Property.

9. FUTURE SUBORDINATION.

This Agreement and the Mortgage and Note securing the Loan made to the Owner may be subordinated in favor of a lending institution for the purpose of refinancing the existing superior mortgage debt or obtaining new mortgage debt on the Property. Owner shall submit to City a written request to subordinate with supporting documents including, but not limited to, the identity of the lending institution and its proposed subordination agreement, the amount and interest rate of the new or refinanced mortgage, and an explanation describing the reasons the Owner is refinancing or obtaining a new mortgage. The City's Housing and Community Development Manager shall recommend to the City Manager whether to approve the City subordinating its mortgage. The recommendation shall be based on whether a subordination is in the best interest of the Owner and the City. Unless other circumstances warrant it, subordination will generally be approved if:

(A) It is a refinance of the first mortgage described in Paragraph 2.(E) of this Agreement without regard to the provisions of 9.(B).

(B) For all other subordinations :

(1) At least four (4) months have elapsed from the date of closing on the Loan that was obtained in accordance with this Agreement.

(2) At least two (2) years have elapsed from the date of the last subordination, if applicable.

(3) If a refinance of existing mortgage debt is involved, the new mortgage note is at an interest rate equal to or more than two percentage points lower than the interest rate on the existing mortgage debt and, if there is cash taken out by the Owner at closing, 51% or more of that cash will be used to improve the Property.

(4) In no event will a subordination other than that described in 9 (A) be approved if the ratio of the new proposed total mortgage debt to the value of the Property, at time of the subordination request, exceeds 0.80. The City Manager shall have the authority to enter into a subordination agreement on behalf of the City.

10. TIME OF PERFORMANCE.

Owner agrees that the rehabilitation construction work on the Property shall commence within sixty (60) days from February 1, 2009 and be completed no later than one hundred and eighty (180) days, unless that time for completion is extended by the HCD Manager. The City is relying on timely completion of such rehabilitation for demonstrating its performance under the Program to SHIP and therefore time is of the essence. In any event Owner shall use all funds under this Loan agreement for costs associated with the construction of the Property by December 31, 2009. In the event Owner fails to use all funds by December 31, 2009, all remaining funds shall revert to the City and the City may reallocate for other projects or needs. Owner shall have all SHIP assisted units occupied by June 30, 2010.

If required pursuant to Florida Statute, within said sixty (60) day commencement period a Notice of Commencement signed by the Owner shall be recorded (on a date subsequent to recording the Mortgage) and a certified copy thereof posted on the site of the Property in accordance with the Florida Mechanics' Lien Law; The City shall have been furnished with proof of such posting; at the City's option by means of a title insurance endorsement, Owner's affidavit or opinion of the Owner's counsel, Owner shall have designated in the Notice of Commencement as a person in addition to the Owner to receive copies of lienor's notice as provided in Section 713.06(2)(b) Florida Statutes. The City's name and address of its principal office (elsewhere herein set forth) and proof, acceptable to the City that such Notice of Commencement has been properly posted on the property in accordance with the requirements of Chapter 713 Florida Statutes, shall be delivered to the City and the Title Insurer.

11. REHABILITATION STANDARDS AND WORK DESCRIPTION.

Owner agrees that the rehabilitation of the building and other improvements located on the Property shall comply with the following standards and consist of the work as described below:

- (A) Performing all necessary work in order to correct any and all existing and incipient building and zone code violations. Incipient violations are evidenced by physical conditions which, if not repaired, could be expected to deteriorate into code violations within two years as determined by the City.
- (B) Making all improvements necessary to meet, at a minimum, the Florida Building Code as amended, and other applicable local codes, so as to provide decent, safe and sanitary housing.
- (C) Comply with any and all federal, state or local laws, or any combination of same regarding fair labor standard requirements applicable to applicable to H.U.D, State, County or City funded programs or any combination of same.
- (D) Comply with any and all federal, state and local laws regulating accessibility for persons with disabilities such as the Americans With Disabilities Act applicable to H.U.D, State, County or City funded programs or any combination of same.
- (E) Owner agrees that all the rehabilitation construction work and improvements described in Exhibit "A" shall be performed by a general contractor duly licensed under the laws of the State of Florida and Broward County.

12. PROPERTY MANAGEMENT AND MAINTENANCE.

Owner agrees that the Property shall, after rehabilitation improvements are complete, be continuously well-maintained and kept in standard condition and repair during the term of the Loan.

Owner agrees to set up and maintain a replacement reserve fund which shall be used for the purpose of performing non-routine repairs and improvements to maintain the Property in good condition. The Owner further agrees to deposit and maintain no less than two percent (2%) of the

Property's annual gross income in such fund for the term of the Loan. Reserve deposits from each building's revenue will begin one month after full occupancy of the Property. For the first year after full occupancy, such reserves will be deposited monthly in the amount of \$270. Owner shall submit evidence of the existence of the fund and payments in accordance with these provisions as often as established under Program requirements.

Owner further agrees, during the term of this Agreement, to keep dwelling units in the buildings located on the Property, fully tenantable and not to remove or demolish any dwelling unit thereon; to complete or restore promptly and in good and workmanlike manner any dwelling unit which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished to the Property; to comply with all laws affecting said Property or requiring any alterations or improvements to be made thereof, and not to commit, suffer or permit any act thereon in violation of law.

13. RECORDS.

Records pertaining to this Agreement shall be maintained by the Owner and made available, in Broward County, Florida, for the duration of the Agreement and retained for a period of three (3) years beyond the last day of the Agreement term. If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the 3-year period, the records must be retained until completion of the action and resolution of all issues which may arise from it, or until the end of the regular 3-year period, whichever is later.

14. RIGHT TO AUDIT.

The Owner shall maintain adequate records to justify all charges, expenses and costs incurred for completion of the improvements for at least three (3) years after completion. The City shall have access to such books, records, and documents as required in this section for the purpose of inspection or audit during normal business hours, at the Owner's place of business.

15. ANNUAL REPORT.

The Owner shall provide an Annual Report to the CITY (i.e., to the Fort Lauderdale Housing and Community Development Division) no later than thirty (30) days following the end of each State Housing Initiative Partnership (SHIP) Program fiscal year (by July 30th). The Annual Report format and spreadsheet shall be provided to Owner. In addition to the Annual Report, the Owner shall provide Housing and Community Development with a detailed progress report for the rental project that are not fully completed and occupied by income eligible applicants. This progress report will include an updated timeline for the completion of construction and occupancy of the SHIP assisted units. An Annual Report must be submitted each year for the entire loan term and affordability period of twenty (20) years.

16. FINANCIAL STATEMENTS TO BE FURNISHED.

Owner shall furnish to the City upon the City's request, but no more than once a year, a complete and current financial statement of all assets and liabilities, contingent or otherwise,

prepared in accordance with generally accepted accounting principles and verified by affidavit of Owner and, at the request of the City, certified (in form satisfactory to the City) by an independent certified public accountant acceptable to the City; and promptly, from time to time, but no more than once a year, such other information regarding the operations, business, affairs and financial condition of Owner as the City may reasonably request.

17. INSPECTIONS.

Owner will permit City, or its representatives to enter upon the Property, inspecting Improvements and all materials to be used in the construction thereof, and to examine all details, plans and shop drawings which are kept at the construction site, and will cooperate, and cause Owner's general contractor and subcontractors to cooperate with the City's representative.

18. NOTICE.

Any notice by either party under this Agreement shall be deemed sufficient if given in writing and hand delivered, and receipted for or sent by registered or certified mail postage prepaid and return receipt requested to the appropriate parties indicated below:

As to the City

Jonathan Brown, Director
Housing and Community Development Division
Planning & Zoning Department
City of Fort Lauderdale
PO Box 14250
Fort Lauderdale, Florida 33302-4250

As to the Owner:

Katharine S. Barry, President & CEO
H.O.M.E.S. Inc.,
690 NE 13 Street – Suite 102
Fort Lauderdale, FL 33304

19. SEVERABILITY.

If any section, subsection, clause, sentence, or provision of this Agreement shall be held invalid for any reason, the remainder of this Agreement shall not be affected thereby.

20. INTEGRATION.

This Agreement and Exhibits or Attachments specifically reference herein, shall constitute the entire agreement between the City and Owner. No prior written, prior or contemporaneous oral promises or representations shall be binding. This Agreement shall not be amended, except by written instrument signed by both parties.

21. GOVERNING LAWS.

This Agreement shall be governed by the laws of the State of Florida, with venue lying in Broward County, for the purpose of any litigation that may arise here from.

IN WITNESS OF THE FOREGOING, the parties have set their hands and seals the day and year first written above.

WITNESSES:

CITY OF FORT LAUDERDALE

Jeannette Johnson
Jeannette Johnson
[Witness type/print name]

By [Signature]
Mayor

Natasha Skouridakis
Natasha Skouridakis
[Witness type/print name]

By [Signature]
City Manager

(CORPORATE SEAL)

ATTEST:

By Jonda K. Joseph
City Clerk

Approved as to form:

By [Signature]
Asst. City Attorney

WITNESSES:

Linda Taylor
Signature

Linda Taylor
[Witness-Type/Print Name]

[Signature]
Signature

Rachel K. Silber
[Witness-Type/Print Name]

~~OWNER(S)~~
H.O.M.E.S., Inc.

By: K.S.B.
Katharine S. Barry, Pres./CEO

Katharine S. Barry
Type/Print Name and Title

Signature

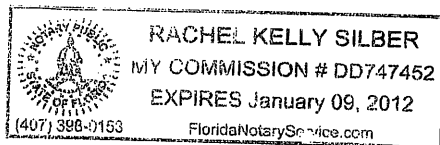
Type/Print Name and Title

Address

STATE OF FLORIDA:
COUNTY OF BROWARD:

The foregoing instrument was acknowledged before me this 19 day of June, 2009, by Katharine S. Barry, an individual who is personally known to me/or has produced identification and who did/did not take an oath.

(SEAL)



[Signature]
Notary Public, State of Florida
(Signature of Notary taking Acknowledgment)