
United States Department of the Air Force

Air Education and Training Command Air Force Center for Environmental Excellence (AFCEE)



Privatization of Military Family Housing AETC Group I

Solicitation No. AFCEE-05-0004

APPENDIX Q Lockbox Agreement

**STEP ONE PROPOSALS ARE DUE NO LATER THAN
5:00 P.M. EST 7 March 2005 AT:**

PSC MILITARY HOUSING COMPANY
132 South 600 East
Salt Lake City UT 84102
Voice 866-801-2253 Fax 801-363-1912
Email binks@psc-evg.com
Web site www.pscmhc.com

LOCKBOX AGREEMENT

among

THE SECRETARY OF THE AIR FORCE,

as the Government

_____,
a _____,

as the Project Owner

[_____
a _____

as the Construction Lender]

a _____

as the Senior Lender

[_____
a _____

as the Bondholder Representative]

and

as the Lockbox Agent

Dated as of _____

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LOCKBOX AGREEMENT

THIS LOCKBOX AGREEMENT (this “Agreement”) is made and entered into as of _____ (the “Effective Date”) by and among THE SECRETARY OF THE AIR FORCE, acting in its capacity as the Lessor under the Government Lease and [as the lender under the Direct Loan] (the “Government”); _____, a _____ (the “Project Owner”); [_____, a _____ (the “Construction Lender”);] _____, a _____ (the “Senior Lender”); and _____, an _____ banking corporation (the “Lockbox Agent”). Capitalized terms used in this Agreement shall have the meanings ascribed thereto in Article I.

RECITALS

In response to Request for Proposals No. AFCEE-XX-XXXX issued by the Government, the Project Owner has been selected by the Government to perform the demolition of certain existing residential facilities, the renovation of existing residential and related facilities, the construction of new residential and related facilities, and the management of certain existing, renovated and newly constructed residential facilities located at four Air Force bases.

The Project Owner has leased land pursuant to the Government Lease to be used as the Project Site upon which Improvements comprising the Project are currently or will be located.

The Government has transferred to the Project Owner an ownership interest in certain improvements now located on the Project Site.

[Pursuant to the terms and provisions of the Construction Loan Documents, the Construction Lender will make the Construction Loan to the Project Owner to finance a portion of the Project. The Construction Loan shall be secured as provided in the Construction Loan Documents.]

[Pursuant to the terms and provisions of the Trust Indenture, the Project Owner will issue the Bonds to finance a portion of the Project.]

[To secure the Bonds under the Trust Indenture, the Project Owner will execute and deliver the Mortgage, the Leases Assignment, the Contracts Assignment and certain other documents identified therein.]

[Pursuant to the terms and conditions of the Forward Commitment, upon the satisfaction of the conditions for advances under the Direct Loan, such advances shall be made to finance a portion of the Project.]

To evidence the Direct Loan, the Project Owner will execute and deliver the Government Note.

[Pursuant to the terms and provisions of the Senior Loan Documents, the Senior Lender will make the Senior Loan to the Project Owner to finance a portion of the Project. The Senior Loan shall be secured as provided in the Senior Loan Documents.]

[To secure its obligations to the Government under the Government Note, the Project Owner will execute and deliver the Government Mortgage.]

[Upon initial funding of the Direct Loan, the Government, [the Senior Lender] [the Trustee] and the Project Owner shall enter into the Intercreditor Agreement.]

The Government Lease requires the execution and delivery of this Agreement to provide for (a) the acquisition, ownership, operation, construction, and other work comprising the Project; (b) [the timely repayment of the [Construction Loan] [debt evidenced by the Bonds] in accordance with the terms and provisions of the [Construction Loan Documents] [Trust Indenture]; [(c)] [the timely repayment of the Senior Loan in accordance with the terms and provisions of the Senior Loan Documents;] [(d)] the establishment and funding of certain Accounts described herein for the continued operation and maintenance of the Property in accordance with the terms and provisions of the Government Lease; [(e)] the collection and disposition of Project Receipts; and [(f)] the payment of certain fees and expenses relating to the foregoing.

WHEREAS, this Agreement, the Control and Sweep Agreement [the Construction Loan Agreement] and the [Trust Indenture] [Senior Loan Agreement] govern the collection, deposit, and use of Project Receipts and any other applicable revenue sources during the life of the Project.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND USE OF PHRASES

Section 1.01. Definitions. Capitalized terms used herein shall have the meanings set forth below:

[“Altus or Luke or Sheppard or Tyndall AFB” means that specific Air Force base located in Altus OK, Glendale AZ, Wichita Falls TX, and Panama City FL, respectively]

“Account” means any of the Accounts established pursuant to Section 4.01.

“Account Funding Shortfall” means with respect to any Account, the failure to fully fund such Account in accordance with either of Sections 4.02(b) or 4.02(c).

“Account Funds” means, with respect to any specified Account, the following:

(i) all cash, checks, drafts, certificates, and instruments, if any, from time to time deposited or held in any specified Account, including all deposits or wire transfers made thereto;

(ii) any and all amounts invested in Investment Securities designated for any specified Account;

(iii) all interest, dividends, cash instruments, and other property from time to time received, receivable, or otherwise payable in respect of, or in exchange for, any or all of the foregoing; and

(iv) to the extent not covered by clauses (i), (ii), or (iii) above, all “proceeds” (as defined under the UCC) of any or all of the foregoing.

[“Additional Bonds” means any bonds (other than the Bonds) issued by the Project Owner pursuant to and in accordance with Section 2.14 of the Trust Indenture.]

“Affiliate” means, with respect to any Person, (i) any other Person directly or indirectly Controlling, Controlled by, or under common Control with such Person, (ii) any other Person directly or indirectly Controlling 50% or more of the voting securities of such Person, or (iii) any officer, director, manager, member, or partner of such Person and other entity for which any such officer, director, manager, member, or partner acts in any such capacity.

“Affiliated Management Fees” means any fees to be paid to an Affiliate of the Project Owner.

“After Completion Reserve Amount” has the meaning set forth in Section 4.02(c)(xi).

“Agreement” means this Lockbox Agreement, dated as of _____, made by and among the Government, the Project Owner [the Construction Lender, the Senior Lender] [the Bondholder Representative] and the Lockbox Agent, as amended and supplemented from time to time.

“Agreement to Share Proceeds” means the Deed of Trust, Mortgage, Security Agreement and Agreement to Share Proceeds dated as of _____, made by and between the Government and the Project Owner.

“Applicable Law” means all federal, state and local laws, rules, regulations, orders, ordinances, and other governmental standards and requirements which are applicable to the Project Owner or the Property during the term of the Government Lease.

“Approving Parties” means the Government[, the Construction Lender] and [the Bondholder Representative] [the Senior Lender].

“Architect” means _____.

[“Assumed Bond Payment Amount” means an amount that would be sufficient to fully amortize a loan in a principal amount equal to the outstanding principal balance of the Bonds immediately prior to the Forced Sale Date (without regard to the application of proceeds of collateral), including any reasonable amounts incurred or advanced by the Trustee or the Bondholder Representative in the enforcement of the Bond Documents or the protection of their respective interests thereunder, and including the accrued but unpaid interest thereon, at an assumed interest rate equal to the nondefault rate(s) of interest on the Bonds, in level monthly installments over the remaining term(s) of the Bonds.]

“Authorized Officer” means an officer or representative duly authorized by the Project Owner, the Architect, the Construction Consultant, [the Trustee,] the Government[, the Construction Lender] or [the Bondholder Representative] [the Senior Lender] to act on such Person’s behalf. The initial Authorized Officers for such Persons are set forth on Schedule 1, which upon notice from such Person to the Lockbox Agent, may be updated and revised from time to time.

“BAH Amount” means, with respect to an active duty service member, the entitlement of such service member for the cost of housing, including utilities and personal property insurance, pursuant to 37 U.S.C. Chapter 7, Section 403. Such amount corresponds to such service member’s Pay Grade and dependent status. These values are set annually by the Department of Defense and published on the website www.dtic.mil.

“Base Closure Announcement” means an official announcement by or on behalf of the Government of a final determination to close **Basename** AFB.

“**Basename** AFB” means **Basename** Air Force Base, **Basecity**, **Basestate**.

Basestate” means the State of _____.

[“Bond Closing Date” means the date of delivery of the Bonds, anticipated to occur on or about _____.]

[“Bond Documents” means the Bonds, the Trust Indenture, the Mortgage, the Leases Assignment, the Contracts Assignment, the Bond Purchase Agreement, the Control and Sweep Agreement, the Limited Offering Memorandum, the Payment and Performance Bond, and all other agreements, certificates and documents executed from time to time by the Project Owner in connection with the issuance, offering, sale and delivery of the Bonds.]

[“Bond Documents Event of Default Trap Event” means receipt of notice from the Trustee to the Lockbox Agent, the Project Owner, the Government and the Bondholder Representative that there has occurred and is continuing an Event of Default under the Bond Documents, and such notice shall specify the applicable provisions of the Bond Documents which have been and are continuing to be breached and causing the Event of Default.]

[“Bond Payment Account” means the Bond Payment Account established under the Trust Indenture.]

[“Bond Payment Default” shall have the meaning given to such term in Section 4.01(m).]

[“Bond Purchase Agreement” means the agreement between the Project Owner and the Underwriter under which the Underwriter agrees to purchase the Bonds.]

[“Bondholder Representative” means the representative appointed from time to time by a Majority of the Bondholders as provided in the Trust Indenture. The initial Bondholder Representative is _____. The Trustee shall notify the Lockbox Agent of any change in the identity of the Bondholder Representative.]

["Bondholders" means the Persons in whose names any of the Bonds are registered on the Register.]

["Bonds" means (i) the _____ Bonds to be issued by the Project Owner pursuant to the Trust Indenture for the purpose of financing a portion of the Project or (ii) any bonds issued or other indebtedness incurred by the Project Owner to refinance the Bonds and approved by the Government pursuant to Condition 22 of the Government Lease.]

"Business Day" means any day other than a Saturday, Sunday, legal holiday, or a day on which national banks in the City of New York, New York or _____, _____ are authorized by law or executive order to close.

"Capital Repair and Replacement Plan" means the capital repair and replacement plan and budget for the Project prepared by the Project Owner and submitted to the Government as part of the preliminary Project Budget for each Fiscal Year, which shall (a) identify the projected capital repair and replacement needs of the Project, together with anticipated funding sources for the fifty (50) year term of the Government Lease, and (b) explain any variances from the Capital Repair and Replacement Plan for the prior Fiscal Year.

["Closing Instructions" means the [Trustee's and] Lockbox Agent's Receipt and Disbursement Instructions dated as of the [Effective Date] [Bond Closing Date] from the Project Owner to the [Trustee and] Lockbox Agent.]

"Collateral" means the Accounts and Account Funds pledged by the Project Owner to secure its obligations arising under the [Bond Documents] [Construction Loan Documents,] [Senior Loan Documents] and the Government Documents, all in the manner and in the order of priority as described in Section 4.01(c) of the Agreement; provided, however, that the term "Collateral" shall specifically exclude the Reinvestment Account.

"Completion Date" means the date of delivery of the Certificate of Compliance (as defined in the Government Lease) and all other certifications required under the [Trust Indenture] [Construction Loan Documents and] [Senior Loan Documents].

["Construction Bond Proceeds Subaccount" means the Construction Bond Proceeds Subaccount of the Construction Escrow Account established pursuant to Section 4.01.]

"Construction Consultant" means _____, located in _____, _____, the initial Construction Consultant hired by the [Bondholder Representative] [Construction Lender] [Senior Lender] with the consent of the Project Owner and the Government, and any of its successors retained by the [Bondholder Representative] [Construction Lender] [Senior Lender] with the consent of the Government and the Project Owner.

"Construction Contract" means that certain Form of Agreement between the Project Owner and Contractor related to the construction of the Project.

"Construction Escrow Account" means the Account by that name established pursuant to Section 4.01.

["Construction Lender" means _____, a _____, and its successors and permitted assigns.]

["Construction Loan" means the loan made by the Construction Lender to the Project Owner in the original principal amount of _____ Dollars (\$_____).]

["Construction Loan Documents" means the promissory note evidencing the Construction Loan, the first priority [Leasehold Mortgage and Security Agreement,] a first priority [Assignment of Leases and Rents and Security Agreement] assigning Borrower's interests in certain revenues, rents, and proceeds of the Project to Construction Lender, and all other documents identified on Exhibit ____ evidencing, governing, securing, or otherwise relating to the obligations of the Project Owner and Construction Lender with respect to the Construction Loan, as the same may be amended or modified consistent with the Intercreditor Agreement.]

["Construction Loan Payment Default" shall have the meaning ascribed to such term in Section 4.01(m).]

["Construction Loan Proceeds Subaccount" means the Construction Loan Proceeds Subaccount established pursuant to Section 4.01.]

["Contingency Subaccount" means the Contingency Subaccount of the Construction Escrow Account established pursuant to Section 4.01.]

"Contractor" means _____.

["Contracts Assignment" means that certain "Collateral Assignment and Security Agreement in Respect of Contracts, Licenses and Permits", dated of even date herewith made by the Project Owner in favor of the Trustee.]

"Control" (and the co-relative terms "Controlling," "Controlled by," and "under common Control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of outstanding securities, equity, or other beneficial ownership interests, by contract or otherwise.

"Control and Sweep Agreement" means that certain Control and Sweep Agreement among the Project Owner, the Government, the Lockbox Agent, [the Trustee,] [Construction Lender] [Senior Lender] the Management Company and the Deposit Bank, dated as of the date of this Agreement, governing the establishment and maintenance of the Sweep Account by the Deposit Bank, and any successor agreement with any successor Deposit Bank.

"Costs of Uncollectible Drafts" shall have the meaning given to such term in Section 4.17.

["Credit Enhancer" means any entity that issues a Credit Facility.]

["Credit Facility" means a financial guaranty insurance policy or other credit facility (including any endorsements thereto) guaranteeing the scheduled payment of principal of and interest on the Bonds when due.]

"Debt Service Coverage Ratio" means, for any period, the Project Receipts for such period (or, with respect to a prospective period, the reasonably projected Project Receipts for such period) deposited in the Lockbox Revenue Account [plus, without duplication, amounts deposited in the Bond Payment Account for such period for the payment of debt service on the Bonds and any Additional Bonds (other than deposits made in such period from the Debt Service Reserve Accounts)], less Operating Expenses for such period and less all deposits required to be made to the Impositions Reserve Account and the Replacement Reserve Account divided by the sum of the scheduled principal and interest on [the Construction Loan and] [the Senior Loan] [the Bonds and any Additional Bonds] payable during such period.

["Debt Service Reserve Account" means, collectively, the Series A Debt Service Reserve Account and the Series B Debt Service Reserve Account.]

"Debt Service Trap Event" means receipt of a notice [(a)] from the [Construction Lender] [Trustee] by the Lockbox Agent that the Debt Service Coverage Ratio is, prior to the Completion Date, less than the Pre-Completion Debt Service Requirement, and [(b)] [from the Senior Lender by the Lockbox Agent that the Debt Service Coverage Ratio is,] after the Completion Date, less than the Post-Completion Debt Service Requirement.

"Default Purchaser" means any party (other than the Government) that acquires the interest of the Project Owner in the Government Lease pursuant to the exercise of remedies by an Approved Mortgagee (as defined in Condition 22 of the Government Lease), whether such acquisition is the result of a foreclosure, deed-in-lieu of foreclosure, sale or otherwise and is approved by the Government pursuant to Condition 22 of the Government Lease as a successor Project Owner.

"Default Purchaser Base Rent" means cash rent payable by a Default Purchaser under the Government Lease. If Default Purchaser Base Rent is payable by a Default Purchaser pursuant to the Government Lease, then the Government shall provide notice to [the Trustee] [the Senior Lender] of the monthly amount of Default Purchaser Base Rent.

"Deposit Bank" means _____, located in _____, _____ in its capacity as depository bank for the Project Owner, and any successor depository bank under the Control and Sweep Agreement.

"Design and Construction Plan" means the Design and Construction Plan attached to the Operating Agreement.

["Direct Loan" means the loan to be made to be made by the Government to the Project Owner pursuant to the Forward Commitment in the principal amount of _____ Dollars (\$_____) for the purpose of financing part of the Project.]

["Direct Loan Subaccount" means the Direct Loan Subaccount of the Construction Escrow Account established pursuant to Section 4.01.]

"Disbursement Request" means, with respect to (i) disbursements from the Construction Escrow Account, a disbursement request in the form attached to this Agreement as Exhibit B-1 and (ii) with respect to all other disbursements, a disbursement request in the form attached to this Agreement as Exhibit B-2, and if required under this Agreement, approved by the Architect, [the Bondholder Representative] [the Construction Lender] [the Senior Lender], the Construction Consultant and the Government, as applicable.

"Effective Date" means the date of this Agreement.

"Event of Default Notice and Direction" means notice to the Lockbox Agent of the occurrence of a Lockbox Event of Default and direction thereto as to action necessary as a result thereof.

"Expenses" means with respect to each of the Lockbox Agent, [Construction Lender] [and] [Senior Lender] [S&P], [Trustee] [and Bondholder Representative], such Person's bank fees and other expenses (including the reasonable fees and expenses of outside counsel in connection with the enforcement of this Agreement), charges, costs, and direct expenses incurred in connection with the performance of its duties under this Agreement [and the Trust Indenture], [as applicable,] including the costs incurred under any indemnity provided by the Project Owner to such Person.

"Fees" means with respect to each of the Lockbox Agent, [Construction Lender] [and Senior Lender] [S&P], [Trustee] [and Bondholder's Representative] the fees, if any, charged by such Person for performing its duties under this Agreement [and the Trust Indenture, as applicable].

"Fiscal Year" means the fiscal year of the Project Owner, which is the 12-month period ending December 31 of each calendar year.

"Forced Sale Date" means the date on which all or substantially all of the Improvements and the Project Owner's interests in the Government Lease are transferred to the [Construction Lender or] [Senior Lender] [Trustee, any holder of the Bonds] or a nominee or designee of any of them pursuant to a foreclosure of the Mortgage or other transfer or assignment in lieu of the enforcement of remedies pursuant to the [Bond Documents] [Construction Loan Documents or] [Senior Loan Documents] [, as applicable]; provided, however, that such transferee, if not the [Construction Lender or] [Senior Lender] [Trustee], has been approved by the Government as provided in Condition 22 of the Government Lease prior to or on such date.

["Forward Commitment" means the Forward Commitment for the Direct Loan executed concurrently with this Agreement, from the Government and accepted and agreed to by the Project Owner, and acknowledged and agreed to as of the [Effective Date by the Senior Lender] [Bond Closing Date by the Trustee], as amended and supplemented from time to time.]

"GAAP" means "Generally Accepted Accounting Principles" promulgated by the American Institute of Certified Public Accountants, as amended from time to time, and consistently applied.

“Government” means the United States of America, acting by and through the Secretary of the Air Force, in its capacity as the Lessor under the Government Lease and as the lender under the Direct Loan.

“Government Documents” means, collectively, this Agreement, the Government Lease, the Quitclaim Deed, the Intercreditor Agreement, the Agreement to Share Proceeds, the Forward Commitment and any other agreements entered into by the Government and the Project Owner in connection with the Project.

[“Government Guaranty” mans the Guaranty to be executed by _____ for the benefit of the Government that guaranties performance of certain obligations of the Project Owner identified therein under the Government Loan Documents.]

“Government Lease” means the Department of the Air Force Lease of Property, executed concurrently with this Agreement, by and between the Government and the Project Owner, as amended and supplemented from time to time.

[“Government Loan Documents” means the Government Note, Government Mortgage, Government Guaranty and all other documents executed by the Project Owner in connection with the Direct Loan.]

[“Government Mortgage” means the Multifamily Deed to Secure Debt, Assignment of Rents and Security Agreement to be executed by the Project Owner for the benefit of the Government and that secures all indebtedness and obligations of the Project Owner relating to the Direct Loan, as amended and supplemented from time to time.]

[“Government Note” means the promissory note to be executed by the Project Owner and evidencing the Direct Loan.]

“Housing Units” has the meaning given to such term in the Government Lease.

“Impositions Plan” means the detailed imposition budget and plan for the Project prepared by the Project Owner and submitted to the Government as a part of the preliminary Project Budget for each Fiscal Year, which shall identify for such Fiscal Year all anticipated tax and insurance premium obligations relating to the Project and provide for full payment of such obligations in a timely manner.

“Impositions Reserve Account” means the Account by that name established pursuant to Section 4.01.

“Improvements” means the improvements which are a part of the Project, whether now located or hereafter constructed on the Project Site.

“Insurance and Condemnation Account” means the Account by that name established pursuant to 4.01.

[“Intercreditor Agreement” means the Intercreditor Agreement to be entered into by and among the Government, [the Trustee (acting upon the direction of the Bondholder Representative)] [the

Construction Lender,] [the Senior Lender] and the Project Owner, as amended and supplemented from time to time.]

["Investment Agreement" means that certain Investment Agreement, dated as of the Bond Closing Date, between the Lockbox Agent and the Investment Agreement Provider.]

["Investment Agreement Provider" means _____.]

"Investment Securities" means any investment set forth below which matures (or is subject to tender at the option of the Lockbox Agent or is marketable prior to maturity) at such time or times as to enable disbursements to be made from the Account in which such investment is held in accordance with the terms of this Agreement:

(a) Cash insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in clause (b) of this definition.

(b) Direct obligations of (including obligations issued or held in book entry form on the books of) the U.S. Department of the Treasury.

(c) Obligations of any of the following federal agencies that represent the full faith and credit of the United States of America, including: (i) direct obligations or fully guaranteed certificates of beneficial ownership of the Export-Import Bank; (ii) certificates of beneficial ownership of the Rural Economic Community Development Administration (formerly the Farmers Home Administration); (iii) participation certificates of the General Services Administration; (iv) guaranteed Title IX financing of the U.S. Maritime Administration; (v) guaranteed mortgaged-backed bonds and pass-through obligations of the Government National Mortgage Association; (vi) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing & Urban Development; (vii) debentures of the Federal Housing Administration; and (viii) obligations of the Federal Financing Bank.

(d) Direct obligations of any of the following federal agencies, which obligations are not fully guaranteed by the full faith and credit of the United States of America: (i) senior debt obligations issued by the Federal Home Loan Bank System, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or Student Loan Marketing Association; (ii) obligations of the Resolution Funding Corporation; and (iii) consolidated system wide bonds and notes of the Farm Credit System.

(e) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks, including the Lockbox Agent or an Affiliate of the Lockbox Agent, that have a rating on their short term certificates of deposit on the date of purchase of "A-1+" by S&P and maturing no more than 360 days after the date of purchase. Ratings on holding companies are not considered as the rating of the bank.

(f) Commercial paper that is rated at the time of purchase in the single highest classification, "A-1+" by S&P and that matures not more than 270 days after the date of purchase.

(g) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Securities Act, and rated “AAAm” or “AAAm-G” or better by S&P, including any mutual fund for which the Lockbox Agent or its Affiliate serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Lockbox Agent or its Affiliate receives fees from such funds for services it or its Affiliate renders to such fund in respect of such investment, (ii) the Lockbox Agent charges and collects fees for services it renders pursuant to the Agreement in respect of such investment, which fees are separate from and may be in addition to the fees received from such funds in respect of such investment, and (iii) such services rendered by the Lockbox Agent or its Affiliates to such funds and pursuant to the Agreement in respect of such investment may at times duplicate those provided to such funds by the Lockbox Agent or its Affiliates in respect of other investments.

(h) General obligations of states of the United States with a rating of at least “AA” or higher by S&P.

(i) The Investment Agreement.

(j) Any other investment approved in writing by the Government and the Bondholder Representative and, if a Credit Facility is in effect, the Credit Enhancer in lieu of the Bondholder Representative, in each case consistent with S&P’s criteria for permitted investments.

The value of the above investments shall be determined as of the end of each month and calculated as follows:

- (1) As to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal or other source to which the Lockbox Agent has access (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;
- (2) As to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Lockbox Agent in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;
- (3) As to certificates of deposit and bankers’ acceptances: the face amount thereof, plus accrued interest; and
- (4) As to any investment not specified above: the value thereof established by prior agreement between the Project Owner and the Lockbox Agent.

“Lease Termination Date” means, with respect to the Government Lease, the close of business on _____, 20__, unless the Government Lease is renewed or extended or terminated sooner in accordance with the terms of the Government Lease. If the Government Lease is renewed or extended or terminated sooner, then the Government shall provide notice to the Lockbox Agent of the effective Lease Termination Date.

["Limited Offering Memorandum" means the disclosure and offering document prepared by the Project Owner for the purpose of assisting the Underwriter with respect to the initial offering of the Bonds.]

"Lockbox Agent" means, initially, _____, a _____, and any successor appointed pursuant to Section 8.04.

"Lockbox Agent Default" means a default by the Lockbox Agent in the manner specified in Section 6.01 of the Agreement.

"Lockbox Event of Default" means a default under the Agreement in a manner specified in Section 7.01 of the Agreement.

"Lockbox Revenue Account" means the Account by that name established pursuant to Section 4.01.

["Majority of the Bondholders" means Bondholders who own more than fifty percent (50%) of the aggregate principal amount of the Outstanding Bonds which are not owned directly or indirectly by the Project Owner or any Person actually known by a Responsible Officer (as defined in the Trust Indenture) of the Trustee to be an Affiliate of the Project Owner.]

"Management Company" means _____, a _____, and any successor approved by the Government, as provided in Section 4 of the Operating Agreement, that is a party to the Property Management Agreement. If the Management Company is an Affiliate of the Project Owner, then the Project Owner shall provide notice thereof to the Lockbox Agent on the Effective Date or within ten (10) Business days after any successor which is an Affiliate of the Project Owner is engaged, consistent with the terms of the Government Lease.

"Mortgage" means the leasehold deed of trust or mortgage and other security documents to be executed by the Project Owner for the benefit of the [Senior Lender] [Trustee], as amended and supplemented from time to time, and that secure the payment of all indebtedness and performance of all obligations of the Project Owner under the [Bond Documents] [Senior Loan Documents].

"Net Proceeds" means, with respect to any insurance or condemnation award or with respect to any other recovery on a contractual claim for damage to or for taking of property, the gross proceeds from the insurance or condemnation award or other recovery, less all reasonable fees and expenses incurred in collecting such gross proceeds. Any party which delivers Net Proceeds to the Lockbox Agent shall identify such proceeds as being Net Proceeds.

"Occupancy Leases" means the leases between the Project Owner, as landlord, and Tenants of the Project with respect to the use and occupancy of the Improvements for residential purposes.

"Operating Agreement" means the Operating Agreement dated as of _____, 20__, made by and between the Government and the Project Owner.

“Operating Expenses” means, for the period of calculation, those expenses incurred or to be incurred in connection with the operation, maintenance and management of the Project, including renter’s insurance, determined on a cash basis. Operating Expenses shall not include (i) expenditures classified as capital expenditures for federal income tax purposes, (ii) any amounts for expenses, payments, or deposits or transfers to reserve accounts which occur in Section 4.02(b)(iii) through 4.02(b)(xxix) nor in Section 4.02(c)(iv) through 4.02(c)(xxxi), (iii) costs for which the Project Owner is entitled to specific reimbursement by any Tenant or other third party, (iv) non-cash expenses (including depreciation), and (v) Default Purchaser Base Rent.

“Operating Plan” means the detailed annual operating plan and budget for the Project prepared by the Project Owner and submitted to the Government [Construction Lender] [and] [Senior Lender] [and Bondholder Representative] for their approval as part of the preliminary Project Budget.

“Operating Reserve Account” means the Account by that name established pursuant to Section 4.01.

“Operating Shortfall” has the meaning set forth in Section 4.03.

“Other Eligible Tenant” means any Tenant who is not a Referral Tenant.

[“Outstanding Bonds” or “Bonds Outstanding” or “Outstanding” means, as of any particular time, all Bonds that have been duly authenticated and delivered by the Trustee under the Trust Indenture and that have been approved by the Government as provided in Condition 22 of the Government Lease, except: (i) Bonds theretofore canceled or required to be canceled by the Trustee and delivered to the Trustee; (ii) Bonds that are deemed to have been paid in full in accordance with the Trust Indenture; (iii) Bonds (other than bonds issued or other indebtedness incurred in connection with a refinancing of the Bonds) for which other Bonds have been substituted, authenticated and delivered for reason of loss, mutilation or defacement under the Trust Indenture; and (iv) Bonds deemed not to be outstanding pursuant to the Trust Indenture.]

“Pay Grade” means the pay grade assigned to a member of the armed services.

“Payment and Performance Bond” means that certain payment and performance bond issued with respect to the Construction Contract and delivered to the [Construction Lender] [Senior Lender] [Trustee] [with the execution and delivery of the Trust Indenture], together with multiple obligee riders in favor of the [Construction Lender] [Senior Lender] [Trustee] for the benefit of the [Bondholders] [Construction Lender,] [Senior Lender], the Project Owner, and the Government, and any substitutes or replacements thereof provided pursuant to the terms of the Trust Indenture.

“Performance Incentive Account” means the Account by that name established pursuant to Section 4.01.

[“Performance Incentive Evaluation” means the quarterly evaluation by the Wing Commander of the Project Owner’s performance of its duties and responsibilities under the Government Lease and the Operating Agreement.]

["Performance Incentive Fee" means the discretionary fee that may be paid to the Project Owner pursuant to the Fee Plan attached to the Operating Agreement, Exhibit E to the Government Lease.]

"Person" means any natural person, firm, joint venture, limited liability company, association, trust, partnership, corporation, public body or other legal entity.

"Post-Completion Debt Service Requirement" means a Debt Service Coverage Ratio of no less than ___ on the [Bonds] [Senior Loan].

"Pre-Completion Debt Service Requirement" means a Debt Service Coverage Ratio of no less than ___ on the [Bonds] [sum of the] outstanding balance of [each of] [the Construction Loan and] [the Senior Loan].

"Project" means the demolition, renovation, construction, operation and management of certain Improvements on the Project Site, as provided in the Project Documents.

"Project Budget" means the budget submitted annually by the Project Owner and approved by the Approving Parties in accordance with Section 5.02.

"Project Cash Flow Statement" means with respect to each calendar month during the term of this Agreement, a cash flow statement and financial report for the prior calendar month disclosing (i) the aggregate gross revenues derived or generated by or from the Property and received during such month; and (ii) Operating Expenses actually paid on a cash basis during such month.

"Project Documents" means the Government Documents and all other agreements entered into by the Project Owner (other than the [Construction Loan Documents and the] [Senior Loan Documents] [Bond Documents]) in connection with the Project, including the Construction Contract, the Property Management Agreement, and any service contracts.

"Base Operating Accounts" means the Base Operating Accounts established pursuant to Section 4.01.

"Project Operations Subaccount" means the Project Operations Subaccount of the Construction Escrow Account established pursuant to Section 4.01.

"Project Owner" means _____, a _____, and any of its successors or assigns approved by the Government, as provided in Condition [22] of the Government Lease and any of its successors or assigns, which is approved as the owner of the Improvements and operator of the Project by the Government, and [the Bondholder Representative], as required by the provisions of the Government Documents and the Bond Documents. The Government [and the Bondholder Representative] shall notify the Lockbox Agent of any successor or assign to _____ which is approved by each of them, as provided in the Government Lease [and the Bond Documents, respectively].

"Project Owner Equity" means the _____ Dollars \$(_____) delivered by the Project Owner on _____, to _____ to the Lockbox Agent and any

subsequent payment delivered by the Project Owner to the Lockbox Agent for deposit in the Project Owner Equity Subaccount.

“Project Owner Equity Subaccount” means the Project Owner Equity Subaccount of the Construction Escrow Account established pursuant to Section 4.01.

“Project Receipts” means, for any period, the aggregate gross revenues derived or generated by or from the Property and received during such period by or for the account of the Project Owner (including all revenues paid directly to the Lockbox Agent or Deposit Bank) including, without limitation, (a) all payments for use or occupancy of all or any part of the Property (but excluding Tenant security deposits until they are no longer subject to being returned to Tenants), (b) all refunds, rebates and reimbursements of any Operating Expenses or taxes related to the Property previously paid, (c) all insurance proceeds (from casualty or other loss) relating to all or any part of the Property that are not applied to restoration of the portion of the Property to which such proceeds relate, and (d) all revenues from utilities provided to the Property by the Project Owner.

“Project Site” means the land at Basename AFB that is subject to the Government Lease.

“Property” means, collectively, the Project Site and the Improvements.

“Property Management Agreement” means that certain Property Management Agreement dated of even date herewith between the Management Company and the Project Owner, and any and all other management agreements between the Project Owner and any other Person approved by the Government relating to the rendering of development, leasing, maintenance, or management services in connection with the operation, maintenance, and management of the Project.

“Quarterly Reconciliation Statement” has the meaning set forth in Section 4.03.

“Quitclaim Deed” means any Quitclaim Deed dated as of the date of this Agreement, executed by the Government and conveying to the Project Owner the improvements and personalty described therein.

“Reconciliation Acceptance Date” shall have the meaning given to such term in Section 4.01(g).

“Redemption Subaccount” means the Redemption Subaccount of the Bond Payment Account.

“Referral Tenant” has the meaning given to such term in Condition 19.5 of the Government Lease.

[“Register” means the books for the ownership registration of the Bonds, which books are kept and maintained by the Trustee as bond registrar.]

“Reinvestment Account” means the Account by that name established pursuant to Section 4.01.

“Release Notice” means a notice delivered by [either the Construction Lender or] [the Senior Lender] [the Trustee] to the Lockbox Agent stating [either (i)] that a then-effective Event of Default Notice and Direction has been terminated [or (ii)] that the rating agencies then rating the Bonds Outstanding have delivered to the Trustee a written confirmation that the release of all or any portion of the funds held in

the Trapping Account will not result in the downgrade, withdrawal or negative qualification of the then-current ratings on the Bonds Outstanding].

“Replacement Reserve Account” means the Account by that name established pursuant to Section 4.01.

“Replacement Reserve Amount” means the product of #units, and (i) \$___ in years 1 (beginning _____ through and including _____) through XX of the Government Lease, (ii) \$___ in years XX through XX of the Government Lease, and (iii) \$___ in years XX through XX of the Government Lease, as the case may be. All dollar values are expressed in terms of value as of the Effective Date, and shall be increased at a rate of three percent (3%) per year on the first day of _____ of each year of the Government Lease.

“Replacement Reserve Deposit” has the meaning set forth in Section 4.06(b).

“Reserve Amount” has the meaning set forth in Section 4.02(b)(x).

“Responsible Officer” means any officer of the Lockbox Agent identified on Schedule 2 to this Agreement. The Lockbox Agent shall give notice pursuant to Section 9.01 to the other parties hereto of any change in its Responsible Officers. Such changes shall not be effective until notice thereof is received by the other parties.

[“Revenue Account” means the Indenture Revenue Account established under the Trust Indenture.]

“Revenue Account Monthly Disbursement Date” means the eighth (8th) day of each calendar month, commencing _____, 200_, or the immediately succeeding Business Day if such eighth day is not a Business Day.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, and its successors and assigns. If Standard & Poor’s Ratings Services no longer performs the functions of a securities rating agency, “S&P” shall mean any other nationally recognized securities rating agency designated by the Project Owner.

“Senior Loan” means [the loan made by the Senior Lender to the Project Owner in the original principal amount of _____ Dollars (\$_____)] [the indebtedness of the Project Owner evidenced by the Bonds.]

“Senior Loan Documents” means the [Bonds, the Indenture,] promissory note evidencing the Senior Loan, the first priority [Leasehold Mortgage and Security Agreement,] a first priority [Assignment of Leases and Rents and Security Agreement] assigning Borrower’s interests in certain revenues, rents, and proceeds of the Project to Senior Lender, and all other documents identified on Exhibit [F] evidencing, governing, securing, or otherwise relating to the obligations of the Project Owner and Senior Lender with respect to the Senior Loan as the same may be amended or modified consistent with the Intercreditor Agreement.

[“Senior Loan Payment Default” shall have the meaning ascribed to such term in Section 4.01(m).]

“Senior Loan Proceeds Subaccount” means the Senior Loan Proceeds Subaccount established pursuant to Section 4.01.”

[“Series A Bonds” means the Series 200_-A Bonds to be issued by the Project Owner pursuant to the Trust Indenture for the purpose of financing a portion of the Project.]

[“Series A Debt Service Reserve Account” means the Account by that name established pursuant to Section 4.01.]

[“Series A Debt Service Reserve Requirement” means an amount equal to the maximum annual debt service (absent a Bond Documents Event of Default Trap Event) required to be paid on the Series A Bonds in any year while the Series A Bonds are Outstanding.]

[“Series B Bonds” means the Series 200_-B Bonds to be issued by the Project Owner pursuant to the Trust Indenture for the purpose of financing a portion of the Project.]

[“Series B Debt Service Reserve Account” means the Account by that name established pursuant to Section 4.01.]

[“Series B Debt Service Reserve Requirement” means an amount equal to the maximum annual debt service (absent a Bond Documents Event of Default Trap Event) required to be paid on the Series B Bonds in any year while the Series B Bonds are Outstanding.]

“Subaccount” means any of the subaccounts of Accounts established pursuant to Section 4.01.

“Surplus Operating Funds” has the meaning set forth in Section 4.03.

“Sweep Account” means the sweep account established pursuant to the Control and Sweep Agreement.

“Tenant” means any Referral Tenant or Other Eligible Tenant.

“Tenant Security Deposit Account” means the Account by that name established pursuant to Section 4.01.

“Transaction Documents” means [the Construction Loan Documents,] [the Senior Loan Documents,] [the Bond Documents,] [Government Loan Documents,] the Government Documents, and the Project Documents.

“Transition Consultant” means the transition consultant retained pursuant to Section 5.08.

“Transition Plan” means the transition plan prepared pursuant to Section 5.08.

“Trapping Account” means the Account by that name established pursuant to Section 4.01.

["Trust Indenture" means the Trust Indenture dated as of _____, 200_ between the Project Owner and _____, as trustee, pursuant to which the Bonds are issued. Should a lender make a loan pursuant to a loan agreement or other security agreement to the Project Owner to facilitate the refinancing of the Outstanding Bonds, such loan agreement or other security agreement shall be deemed to be the Trust Indenture under this Agreement.]

["Trustee" means _____, an _____, and its successors or assigns which are approved by the Government, as provided in Condition 22 of the Government Lease[, and, to the extent required to maintain the then current rating on the Bonds, approved by each rating agency then rating the Bonds]. [Should a lender make a loan to the Project Owner to facilitate the refinancing of the Outstanding Bonds, such lender if approved by the Government as provided in Condition 22 of the Government Lease, shall be deemed to be the Trustee under this Agreement, and such loan shall be deemed to be the Outstanding Bonds under this Agreement.] The Government shall notify the Lockbox Agent of any successor or assign to the Trustee, which is appointed pursuant to the terms of the Trust Indenture.]

"UCC" means the Uniform Commercial Code enacted in the State (as the same may be amended from time to time).

"Uncollectible Drafts" shall have the meaning given to such term in Section 4.17.

["Underwriter" means _____, located at _____.]

"Utilities Plan" means the utilities plan and budget for the Project prepared by the Project Owner and submitted to the Government as part of the preliminary Project Budget for each Fiscal Year.

"Wing Commander" means the wing commander at **Basename** AFB.

Section 1.02. Rules of Construction.

(a) The singular form of any word used herein shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders.

(b) All references herein to "Articles" and "Sections" are to the corresponding Articles and Sections of this Agreement; and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article or Section of this Agreement.

(c) The headings or titles of the Articles and Sections of this Agreement are solely for convenience of reference and shall not limit or otherwise affect the meaning, construction or effect of any provision of this Agreement.

(d) All accounting terms used but not defined in this Agreement shall have the meanings assigned to them in generally accepted accounting principles as in effect from time to time.

(e) Every “request,” “order,” “demand,” “application,” “appointment,” “notice,” “statement,” “certificate,” “consent,” or similar action hereunder by any party shall, unless the form thereof is specifically provided, be in writing signed by a duly authorized representative of such party.

(f) The parties to this Agreement acknowledge and agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Agreement or any amendment, supplement or exhibit hereto.

Section 1.03. Term. This Agreement shall be in full force and effect from the Effective Date to and including the date that is ninety (90) days following the earlier of the date on which the Government terminates the Government Lease or the Lease Termination Date; provided, however, that such date shall be at least 366 days subsequent to the Project Owner’s payment and performance in full of the debt evidenced by [the Construction Loan Documents [,] [and] [the Senior Loan Documents] [and] [the Direct Loan Documents] [the Bonds and any other obligations arising under the Bond Documents]; and further provided, however, that the provisions of Section 7.02 shall survive the termination of this Agreement.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.01. Representations, Warranties and Covenants of the Project Owner. The Project Owner represents, warrants and covenants as follows:

(a) The Project Owner is a _____, duly organized and validly existing under the laws of the State of _____ and is in good standing and qualified to do business in the State and in every other state in which the nature of its business requires such qualification. The Project Owner has full power and authority to own its properties and to carry on its business as now being conducted and as contemplated to be conducted with respect to the Property, and to enter into, and to perform and carry out the transactions provided for in the Transaction Documents to which it is a party. Each of the Transaction Documents to which it is a party has been duly authorized, executed and delivered by the Project Owner and constitutes the legal, valid and binding obligation of the Project Owner, enforceable against the Project Owner in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and general equitable principles.

(b) The execution, delivery, and performance by the Project Owner of the Transaction Documents to which it is a party will not violate any provision of law, any order of any court or other agency of government, or any of the organizational or other governing documents of the Project Owner, or any indenture, agreement or other instrument to which the Project Owner is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument or any license, judgment, decree, law, statute, order, rule or regulation of any governmental agency or body having jurisdiction over the Project Owner or any of its activities or properties or, except as provided hereunder or under the other Transaction Documents to which it is

a party, 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 Project Owner, except as permitted by the Transaction Documents to which it is a party or otherwise approved by the Government.

(c) No litigation or proceeding is pending or threatened against the Project Owner, its members or with respect to the Property or the Project which has a reasonable probability of having a material adverse effect on the financial condition or business of the Project Owner, or the transactions contemplated by the Transaction Documents to which it is a party or which in any way would adversely affect the validity or enforceability of the Transaction Documents to which it is a party or the ability of the Project Owner to perform its obligations under the Transaction Documents to which it is a party. The Project Owner is not currently in default under any document, instrument or commitment to which the Project Owner is a party or to which it or any of its property is subject which default would or could adversely affect the ability of the Project Owner to carry out its obligations under the Transaction Documents to which it is a party.

(d) There is no completed, pending or threatened bankruptcy, reorganization, receivership, insolvency or like proceeding, whether voluntary or involuntary, affecting the Project Owner.

(e) No event has occurred and no condition exists with respect to the Project Owner, the Property, or the Project that would constitute a Lockbox Event of Default under Section 7.01 or an “event of default” under any other Transaction Document to which it is a party or which, with the lapse of time, if not cured, or with the giving of notice, or both, would become a Lockbox Event of Default or an “event of default” under any other Transaction Document to which it is a party.

(f) No authorization, consent, approval, order, registration, declaration, or withholding of objection of the part of or filing of or with any governmental authority not already obtained or made (or to the extent not yet obtained or made the Project Owner has no reason to believe that such authorizations, consents, approvals, orders, registrations, or declarations will not be obtained or made in a timely fashion) is required for the execution and delivery or approval, as the case may be, of the Project Owner Documents, or the performance of the terms and provisions hereof or thereof by the Project Owner.

(g) The Project Owner is not an Affiliate of the Lockbox Agent [, Construction Lender] [or the Senior Lender] [or the Trustee].

Section 2.02. Representations, Warranties and Covenants of the Lockbox Agent. The Lockbox Agent hereby represents and warrants as follows:

(a) The Lockbox Agent is a _____, duly organized and validly existing and is in good standing under and pursuant to the laws of _____ and has its principal office in _____. The Lockbox Agent is authorized to execute, deliver, and perform its obligations under this Agreement and this Agreement constitutes a legal, valid and binding obligation of the Lockbox Agent, enforceable against the Lockbox Agent in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and general equitable principles.

(b) The Lockbox Agent has complied with the legal requirements applicable to the consummation of, and has all necessary power and authority to consummate, all transactions described in this Agreement.

(c) The Lockbox Agent is not an Affiliate of the Project Owner.

(d) The Lockbox Agent's general deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") in the amounts provided by FDIC.

ARTICLE III

NECESSITY OF LOCKBOX

In order to provide for (a) the acquisition, renovation, ownership, operation, construction, and other work comprising the Project, (b) the timely repayment of the debt evidenced by [the Construction Loan Documents] [the Direct Loan Documents] [and] [the Senior Loan Documents] [the Bonds in accordance with the terms and provisions of the Trust Indenture], (c) the funding of certain Accounts described herein for the operation and continued maintenance of the Project in accordance with the terms and provisions of the Government Lease, and (d) the payment of certain fees and expenses related thereto, the Government, the Project Owner, and the Lockbox Agent hereby agree that the Lockbox Agent shall provide for the establishment of a lockbox mechanism to accumulate the Project Receipts derived from the operation of the Project and to distribute such Project Receipts in accordance with the provisions set forth in this Agreement.

ARTICLE IV

ESTABLISHMENT AND PLEDGE OF LOCKBOX ACCOUNTS

Section 4.01. Creation of Accounts.

(a) *Accounts and Subaccounts.* There are hereby created and established the following Accounts and Subaccounts to be held and maintained by the Lockbox Agent:

- (i) Project Lockbox Revenue Account;
- (ii) Base Operating Accounts;
- (iii) Project Impositions Reserve Account;
- (iv) Project Trapping Account;
- (v) Project Replacement Reserve Account;
- (vi) Project Operating Reserve Account;
- (vii) Project Tenant Security Deposit Account;
- (viii) [Series A Debt Service Reserve Account;]
- (ix) [Series B Debt Service Reserve Account;]
- (x) Project Construction Escrow Account (including the Project Owner Equity Subaccount, the [Construction Bond Proceeds] [Construction Loan Proceeds] [Senior Loan Proceeds] Subaccount, [the Direct Loan Subaccount], [and] the Project Operations Subaccount [and the Contingency Subaccount]);

- (xi) Project Reinvestment Account;
- (xii) Project Insurance and Condemnation Account; and
- (xiii) Project Performance Incentive Account.

(b) *Disbursements.* Only the Lockbox Agent, as provided in this Agreement, may disburse amounts on deposit in the Accounts. Disbursements from the Accounts and Subaccounts shall be made as follows:

(i) Disbursements from the Base Operating Accounts and Project Impositions Reserve Account, Replacement Reserve Account, Tenant Security Deposit Account, Performance Incentive Account, and Project Owner Equity Subaccount of the Construction Escrow Account shall be made pursuant to a Disbursement Request executed by an Authorized Officer of the Project Owner without further approval.

(ii) Disbursements from the Trapping Account shall be made by the Lockbox Agent subject to the conditions set forth in Section 4.13.

(iii) Disbursements from the Construction Escrow Account (other than the Project Owner Equity Subaccount of the Construction Escrow Account and the Contingency Subaccount of the Construction Escrow Account) shall be made pursuant to the provisions of Section 4.10(d).

(iv) Disbursements from the Operating Reserve Account shall be made pursuant to a Disbursement Request executed by Authorized Officers of the Project Owner, Construction Consultant, [the Bondholder Representative] [the Construction Lender, if the Construction Loan has not been paid in full,] [the Senior Lender, if any part of the Senior Loan is then outstanding,] and the Government, as applicable, pursuant to Section 4.07.

(v) Disbursements from the Reinvestment Account shall be made pursuant to a Disbursement Request executed by an Authorized Officer of the Government, subject, in the case of the Reinvestment Account, to certain limitations set forth in Sections 4.11.

(vi) [Disbursements from the Debt Service Reserve Accounts shall be made pursuant to a Disbursement Request executed by an Authorized Officer of the Trustee.]

(vii) Disbursements from the Insurance and Condemnation Account shall be made pursuant to a Disbursement Request executed by an Authorized Officer of the Project Owner, with the approval of the Construction Consultant, [the Bondholder Representative] [the Construction Lender, if the Construction Loan has not been paid in full,] [the Senior Lender, if any part of the Senior Loan is then outstanding,] and the Government, and certified by the Trustee, pursuant to Section 4.14.

[(viii) Disbursements from the Contingency Subaccount of the Construction Escrow Account shall be made pursuant to the provisions of Section 4.10(e).]

The Lockbox Agent shall provide copies of all Disbursement Requests for Accounts other than the Construction Escrow Account to the Government within thirty (30) days of the Lockbox Agent's receipt of such requisitions. Disbursement Requests from the Construction Escrow Account or any

Subaccount thereof shall be provided by the Lockbox Agent to the Government within seven (7) days of the Lockbox Agent's receipt of such requisitions. Notwithstanding anything to the contrary in this Agreement, approval by the [Trustee or the Bondholder Representative] [Construction Lender or] [Senior Lender] of disbursements shall not be required if the [Construction Loan or] [Senior Loan], [as applicable,] has been paid in full [Bonds are no longer Outstanding or have not been issued].

(c) *Pledge of Accounts.* The Project Owner hereby makes the hereinafter identified pledges and grants in the Collateral to secure the full and punctual payment and performance of all of its obligations now or hereafter existing (i) with respect to the [Construction Loan] [debt evidenced by the Bonds], whether for principal, [make-whole premium,] interest, fees, expenses, or otherwise under [the Trust Indenture, the Bonds], [and] this Agreement, [and the Construction Loan Documents] [and all other Bond Documents], (ii) with respect to other Project Owner obligations arising under the [Construction Loan Documents] [Bond Documents], and [(iii)] [with respect to the Senior Loan, whether for principal, interest, fees, expenses, or otherwise under the Senior Loan Documents, and this Agreement; [(iv)] [with respect to other Project Owner obligations arising under the Senior Loan Documents,] [(v)] [with respect to the Direct Loan, whether for interest, fees, expenses or otherwise under the Government Loan Documents and this Agreement,] [(vi)] [with respect to other Project Owner obligations arising under the Government Loan Documents,] and [(vii)] under the Government Lease:

(i) [to the [Construction Lender for so long as any portion of the Construction Loan is outstanding] [Trustee], subject to certain restrictions with respect to the Tenant Security Deposit Account set forth in Section 4.08, a continuing first lien security interest in and to all of the Project Owner's right, title, and interest in all Accounts (except for the Reinvestment Account which is owned by the Government) as well as all Account Funds held or designated for deposit in such Accounts, whether now owned or existing or hereafter acquired or arising and regardless of where located, and such Account Funds shall be deemed to have been disbursed in accordance with Section 4.02 for purposes of determining ownership of and security interests in moneys held in such Accounts.]

(ii) to the Senior Lender for so long as any portion of the Senior Loan is outstanding, subject to certain restrictions with respect to the Tenant Security Deposit Account set forth in Section 4.08, a continuing first lien security interest in and to all of the Project Owner's right, title, and interest in all Accounts[, which shall be pari-passu with the continuing first lien security interest of the Construction Lender,] (except for the Reinvestment Account which is owned by the Government) as well as all Account Funds held or designated for deposit in such Accounts, whether now owned or existing or hereafter acquired or arising and regardless of where located, and such Account Funds shall be deemed to have been disbursed in accordance with Section 4.02 for purposes of determining ownership of and security interests in moneys held in such Accounts.

(iii) to the Government, subject to certain restrictions with respect to the Tenant Security Deposit Account set forth in Section 4.08, a continuing security interest, second in priority to the continuing first lien security interest pledged and granted to the Trustee, in and to all of the Project Owner's right, title, and interest in all Accounts (other than the Reinvestment Account, which is owned by the Government) as well as all Account Funds held or designated for deposit in such Accounts, whether now owned or existing or hereafter acquired or arising and regardless of where located, and

such Account Funds shall be deemed to have been disbursed in accordance with Section 4.02 for purposes of determining ownership of and security interests in moneys held in such Accounts.

(d) *Ownership of Certain Accounts.* The Project Owner acknowledges and agrees that all moneys deposited by the Lockbox Agent pursuant to the terms of this Agreement into the Reinvestment Account are the property of, and owned solely by the Government. The Government acknowledges and agrees that all moneys deposited by the Lockbox Agent, pursuant to the terms of this Agreement, into all Accounts (other than the Reinvestment Account) are the property of, and owned solely by the Project Owner, and are subject to the security interest and pledges granted to the [Construction Lender,] [Senior Lender] [Trustee] and the Government as provided in Section 4.01(c) above.

(e) *Notice Pursuant to UCC.* The Lockbox Agent acknowledges that this Agreement constitutes notice, in accordance with Articles 9-104 and 9-106 of the UCC, of the Trustee and the Government's respective security interests in the Collateral pledged in subsection (c) above and the Lockbox Agent does hereby consent thereto, and that this Agreement constitutes a control agreement for purposes of Article 9 of the UCC. The Lockbox Agent is hereby appointed as the agent and pledgee-in-possession for the [Construction Lender,] [Senior Lender] [Trustee] and the Government for the Accounts pledged under Section 4.01(c) above, as well as all Account Funds contained therein, and the Lockbox Agent hereby accepts such appointment and agrees to be bound by the terms of this Agreement. The Project Owner hereby agrees to such appointment and further agrees that the Lockbox Agent, on behalf of the [Construction Lender,] [Senior Lender] [Trustee] and the Government, shall be entitled to exercise, upon the instructions of the [Construction Lender,] [Senior Lender] [Trustee] or the Government, as applicable, any and all rights and remedies that [the Construction Lender may have under the Construction Loan Documents, the] [Senior Lender may have under the Senior Loan Documents] [the Trustee may have under the Trust Indenture and the other Bond Documents] or the Government may have under the other Project Documents [or the Government Loan Documents], or under Applicable Law with respect to the Accounts and all Account Funds contained therein.

(f) *Financing Statement; Further Assurances.* Simultaneously herewith [or, with respect to the Trustee], upon execution of the [Trust Indenture] [Senior Loan Documents](if such [Trust Indenture is] [Construction Loan Documents and] [Senior Loan Documents] are not executed simultaneously with this Agreement), the Project Owner shall deliver to the [Trustee] [Construction Lender the,] [Senior Lender] and the Government for filing a financing statement or statements in connection with the Collateral in the form reasonably required by the [Trustee] [Construction Lender, the] [Senior Lender] and the Government to properly perfect the respective security interest of each granted hereunder. Upon request of the [Trustee] [Construction Lender, the] [Senior Lender] or the Government to the Project Owner, the Project Owner shall deliver to the [Trustee] [Construction Lender, the] [Senior Lender] or the Government for filing all financing statements, amendments or continuations of such financing statement or statements. The Project Owner agrees that, simultaneously with the execution of this Agreement, it will execute the Control and Sweep Agreement, and thereafter at any time and from time to time, at its expense, it will promptly execute and deliver all further control agreements, instruments, and documents, and take all further action, that is necessary and that the Lockbox Agent, the [Trustee] [Construction Lender, the] [Senior Lender], the Government, or any respective assignee thereof or successor thereto, reasonably requests, in order to perfect and protect any security interest granted or purported to be granted hereby (including any security interest in and to any Investment

Securities) or in the Sweep Account or to enable the [Trustee] [Construction Lender, the] [Senior Lender], the Government, the Lockbox Agent (on behalf of the [Trustee] [Construction Lender, the] [Senior Lender] or the Government), to exercise and enforce the respective rights and remedies of the [Trustee] [Construction Lender, the] [Senior Lender] and the Government hereunder with respect to any Collateral.

(g) *Termination of Certain Rights Under Agreement.* This Agreement shall create a continuing security interest of the [Government,] [Trustee] [Construction Lender, and the] [Senior Lender] in the Collateral and shall remain in full force and effect until the payment and performance in full of the debt evidenced by [the Construction Loan Documents] [,] [and] [the Senior Loan Documents] [and] [the Government Loan Documents] [, as applicable,] [the Bonds], and thereafter, as provided below, of all other obligations of the Project Owner under and in accordance with the [the Construction Loan Documents] [,] [and] [the Senior Loan Documents] [the Government Loan Documents] [, as applicable,] [Bond Documents] and the Government Lease, regardless of whether the Government Lease is earlier terminated. Notwithstanding any provision of this Agreement to the contrary, the rights of the [the Construction Lender and the] [Senior Lender] [Trustee and the Bondholder Representative][,] [Government] arising under this Agreement shall continue until 366 days subsequent to the Project Owner's payment and performance in full of such obligations arising under [the Construction Loan Documents] [,] [and] [the Senior Loan Documents][,] [the Government Loan Documents] [, as applicable,] [the Government Loan Documents] [the Bonds and the other Bond Documents]. After such termination of rights, the Lockbox Agent shall execute such instruments and documents as may be reasonably requested by the Project Owner to evidence such termination of rights and release of liens. This Agreement shall remain in full force and effect with respect to the rights of the Government and the obligations of the Project Owner and the Lockbox Agent until the later of (i) the Lease Termination Date, or (ii) five (5) Business Days after the date on which the Government accepts and approves a final reconciliation of the sources and uses of funds ("Reconciliation Acceptance Date"), subject to Section 9.10 regardless of whether the rights of the [Construction Lender and the] [Senior Lender] [Trustee and the Bondholder Representative] hereunder are earlier terminated in accordance with the provisions of this Section 4.01(g). The Government shall notify the Lockbox Agent of any Reconciliation Acceptance Date.

(h) *Transfers and Other Liens.* The Project Owner agrees that it will not (a) sell or otherwise dispose of any of the Collateral or (b) create or permit to exist any lien upon or with respect to all or any of the Collateral, except for the liens granted to each of the [Construction Lender and the] [Senior Lender] [Trustee] and Government under this Agreement or as otherwise permitted or required by the terms of [the Construction Loan Documents and] [the Senior Loan Documents] [, as applicable,] [the Government Loan Documents] [the Trust Indenture or any other Bond Document].

(i) *Transfers of Accounts.* The Project Owner shall transfer its ownership interest in the Lockbox Revenue Account, Base Operating Accounts, Impositions Reserve Account, [Trapping Account], Replacement Reserve Account, Operating Reserve Account, Construction Escrow Account, Tenant Security Deposit Account, [Debt Service Reserve Accounts], Insurance and Condemnation Account, [Performance Incentive Account] and any Subaccount to any successor Project Owner approved by Government or Default Purchaser approved by the Government pursuant to Condition 22 of the Government Lease contemporaneously with the closing of the sale or transfer of the Project to such successor Project Owner, provided, however, that in the event of foreclosure of the Project or sale-in-lieu of foreclosure, the Project Owner shall transfer such ownership interest to any successor

Project Owner contemporaneously with such event of foreclosure of the Project or sale-in-lieu of foreclosure.

(j) *Application of Funds in Accounts Upon Termination.* Within five (5) Business Days after notice from the Government to the Lockbox Agent of the expiration or termination of the Government Lease or the expiration or termination of this Agreement as provided herein, any funds in the Accounts (other than the Tenant Security Deposit Account, the Replacement Reserve Account and the Reinvestment Account) shall be used, *first*, [[if the Construction Loan and] [Senior Loan have] has not been paid in full,] [if there are Bonds Outstanding], to pay [pari-passu] amounts due and owing (including any accelerated amounts) under [the Construction Loan Documents and] [Senior Loan Documents] [to the Bondholders under the Bond Documents], *second*, [if the Direct Loan is outstanding, to pay any amounts due and owing to the Government under the Direct Loan], [*third*], upon notice from the Government to satisfy any obligations of the Project Owner under the Project Documents, [*fourth*], to pay all Fees and Expenses, if any, of the Lockbox Agent, [Trustee,] [S&P] [Construction Lender,] [Senior Lender]and [Bondholder Representative], and [*fifth*], the balance, if any, shall be paid to the Project Owner; provided, however, that any funds remaining in the Replacement Reserve Account and the Reinvestment Account shall be paid to the Government.]

(k) *No Termination of this Agreement Without [Construction Lender and] [Senior Lender] [Trustee and Bondholder Representative] Consent.* This Agreement may not be terminated without the prior written consent of the [Construction Lender and] [Senior Lender] [Trustee and the Bondholder Representative] (which consent may be withheld or granted in [their] [its] sole discretion) at any time [if the Construction Loan or] [Senior Loan] [, as applicable,] has not been paid in full [while there are Bonds Outstanding] and for a period of 366 days on and after final payment has been made on account of such loan[s] [the Bonds].

(l) *Initial Deposits to Accounts.* On the [Effective Date] [Bond Closing Date], the following amounts received by the Lockbox Agent shall be deposited into the following Accounts and Subaccounts:

(i) The sum of \$_____, shall be transferred on the [Effective Date] [Bond Closing Date] from _____, to the Lockbox Agent for deposit into the Project Owner Equity Subaccount of the Construction Escrow Account, and the following transfers shall be made from the Project Owner Equity Subaccount:

- (a) The sum of \$_____ shall be transferred and deposited to the Base Operating Accounts; and
- (b) The sum of \$_____ shall be transferred and deposited to the Impositions Reserve Account.

(ii) The sum of \$_____, representing all security deposits from existing Tenants of the Project, shall be deposited to the Tenant Security Deposit Account from funds held by the Government.

(iii) The sum of \$_____, derived from [Construction Loan] [Senior Loan] [Bond] proceeds, shall be deposited to the [Construction Loan] [Senior Loan] [Construction Bond] Proceeds Subaccount of the Construction Escrow Account.

(iv) [The sum of \$_____, derived from Bond proceeds, shall be deposited on the Bond Closing Date to the Contingency Subaccount of the Construction Escrow Account.]

(v) [The sum of \$_____, derived from Bond Proceeds, shall be deposited on the Bond Closing Date to the Series A Debt Service Reserve Account.]

(vi) [The sum of \$_____, derived from Bond Proceeds, shall be deposited on the Bond Closing Date to the Series B Debt Service Reserve Account.]

(vii) The sum of \$_____, derived from [Construction Loan] [Senior Loan] [Bond proceeds], shall be deposited on the [Effective Date] [Bond Closing Date] to the Base Operating Accounts, and shall be disbursed by the Lockbox Agent pursuant to the Closing Instructions to pay [the costs of issuance and] miscellaneous Project expenses specified on Exhibit A attached thereto.

(viii) The sum of \$_____ from _____ shall be transferred on the [Effective Date] [Bond Closing Date] to the Project Operations Subaccount of the Construction Escrow Account.

(m) *Control of Pledged Accounts.* Notwithstanding any other term or provision of this Agreement, if an event of default under the [Construction Loan Documents] [Senior Loan Documents] [Trust Indenture] has occurred and is continuing due to the failure of the Project Owner to pay any interest or principal payment on the [Construction Loan] [Senior Loan] [Bonds] when such payment becomes due and payable [“(Construction Loan Payment Default)”] [“(Senior Loan Payment Default)”] [“(Bond Payment Default)”], then upon the receipt by the Lockbox Agent of notice of a [Construction Loan Payment Default] [Senior Loan Payment Default] [Bond Payment Default] from the [Construction Lender] [Senior Lender] [Trustee], (i) the Lockbox Agent shall comply with instructions or entitlement orders originated by the [Construction Lender] [Senior Lender] [Trustee] directing the disposition of Collateral in the Accounts listed in Exhibit D and any other matters relating to the Collateral in the Accounts listed in Exhibit D, without further consent by the Project Owner and (ii) the Lockbox Agent shall not at any time honor any entitlement orders or instructions or permit the withdrawal of any funds on financial assets from, to draw upon or otherwise issue entitlement orders or exercise any authority or powers with respect to the Collateral in the Accounts listed in Exhibit D, from any Person other than the [Construction Lender, or] [Senior Lender] [Trustee]. Upon any cure of a [Construction Loan Payment Default or] [Senior Loan Payment Default] [Bond Payment Default], the [Construction Lender or] [Senior Lender][, as applicable,] [Trustee] shall provide notice promptly of such cure to the Lockbox Agent and Government. So long as this Agreement is in effect, the Lockbox Agent subordinates in favor of the [Construction Lender] [Senior Lender] [Trustee] and Government any security interest, lien, or right of setoff it may have, now or in the future, against the Collateral in the Accounts listed in Exhibit D.

Section 4.02. Lockbox Revenue Account.

(a) *Deposits to the Lockbox Revenue Account.* All Project Receipts received by or for the benefit of the Project Owner in cash or other consideration from any source whatsoever, including proceeds of rental loss or business interruption insurance, if any, (except (i) Tenant security deposits, which the Project Owner or the Management Company shall deposit with the Lockbox Agent for deposit in the Tenant Security Deposit Account, (ii) as otherwise provided in this Agreement with respect to investment earnings on specified Accounts, and (iii) rent payments paid directly to the Lockbox Agent pursuant to Section 5.01) shall be deposited into the Sweep Account, within one (1) Business Day after its receipt by the Project Owner or the Management Company. On the Business Days of each month identified in the Control and Sweep Agreement, the Deposit Bank shall transfer to the Lockbox Revenue Account all amounts contained in the Sweep Account exceeding \$2,000, the minimum balance to be maintained in such account as required by the Control and Sweep Agreement. Net proceeds resulting from the destruction, damage, or condemnation of all or any part of the Project which are not paid directly to the Insurance and Condemnation Account shall be deposited into the Lockbox Revenue Account and transferred to the Insurance and Condemnation Account as provided in Sections 4.02(b) and 4.02(c) below. Certain moneys held in the Debt Service Reserve Accounts also may be transferred to the Lockbox Revenue Account or to the Trustee pursuant to Sections 4.09 and 4.18, as applicable.

(b) *Transfers from Lockbox Revenue Account Prior to Completion Date.* On each Revenue Account Monthly Disbursement Date prior to the Completion Date, moneys in the Lockbox Revenue Account shall be transferred or disbursed by the Lockbox Agent to the Accounts or Persons specified below in the following order of priority:

- (i) To the Insurance and Condemnation Account, any Net Proceeds received by the Lockbox Agent, except that portion of Net Proceeds specified by [the Construction Lender] [Senior Lender] [the Bondholder Representative] and Project Owner to the Lockbox Agent as business loss insurance proceeds which shall be deposited by the Lockbox Agent in the Base Operating Accounts;
- (ii) To each Base Operating Accounts, an amount equal to (1) the sum of (I) the Operating Expenses for such month set forth in the Project Budget; (II) upon notice from the Project Owner to the Lockbox Agent, less the amount of any Surplus Operating Funds required by Section 4.03; and (III) upon notice from the Project Owner to the Lockbox Agent, an amount sufficient to reimburse the Project Owner for payments estimated to be made to Tenants in the calendar month for BAH Amount payments to be returned to such Tenants who moved out of the units during such calendar month; less (2) the amount of any business loss insurance proceeds deposited in the Base Operating Accounts for such month;
- (iii) To the Impositions Reserve Account, an amount equal to the lesser of (1) the amount of the taxes and insurance premiums set forth for such month in the Project Budget and (2) the difference between one hundred five percent (105%) of the aggregate taxes and insurance premiums included in such Project Budget and the balance of the Impositions Reserve Account;

- (iv) [Upon notice from the Trustee to the Lockbox Agent with a copy to the Government, to the Trustee for deposit in the Revenue Account established under the Trust Indenture, if there are any Outstanding Bonds (including any bonds that have been approved by the Government as provided in Condition 22 of the Government Lease issued by, or loans made to the Project Owner following a Forced Sale Date), an amount equal to the unfunded portion, if any, of one-sixth (1/6) of the semi-annual principal and interest payments and make-whole premium, if any, then due and owing on the Series A Bonds (including any past due unpaid amounts) pursuant to Section 5.03(a) of the Trust Indenture; or subsequent to any Forced Sale Date if there are no Outstanding Bonds (including, but not limited to any bonds issued by, or loans made to the Project Owner following a Forced Sale Date), upon notice from the Project Owner to the Lockbox Agent with a copy to the Government, to the Project Owner the Assumed Bond Payment Amount for the current month, or, after the Project Owner has issued such new bonds or obtained such new loan, to the Trustee an amount equal to the principal and interest, if any, due and payable pursuant to the documents governing the new bonds or loan for the current month and provided that such amount to be paid by the Lockbox Agent shall be limited to no more than the Assumed Bond Payment Amount, and, subject to the prior written approval by the Government, to the Project Owner an amount equal to the Assumed Bond Payment Amount for the current month less the amount payable pursuant to the documents governing the new bonds or loan for the current month; provided, however, that if the Lockbox Revenue Account does not have sufficient funds available to make the payment required in this clause (iv) in full, the Lockbox Agent shall notify the Trustee or the Project Owner, as applicable, of such fact, and the Trustee or the Project Owner, as applicable, shall direct the Lockbox Agent to disburse funds held first, in the Trapping Account to meet such shortfall to the extent such funds are available in the Trapping Account and second, if necessary, in the Series A Debt Service Reserve Account to the extent such funds are available in the Series A Debt Service Reserve Account;] [To the [Construction Lender] [Senior Lender] an amount equal to any principal and interest then due and owing to the [Construction Lender] [Senior Lender] on the [Construction Loan] [Senior Loan] pursuant to the payment schedule for such [Construction Loan] [Senior Loan] delivered by the [Construction Lender] [Senior Lender] to the Lockbox Agent, including, upon written notice from the [Construction Lender] [Senior Lender] to the Lockbox Agent, any past due unpaid amounts;]
- (v) [To the Series A Debt Service Reserve Account, an amount necessary to cause the amount on deposit therein to equal the Series A Debt Service Reserve Requirement;]
- (vi) [Upon notice from the Trustee to the Lockbox Agent with a copy to the Government, to the Trustee for deposit in the Revenue Account established under the Trust Indenture, if there are any Outstanding Bonds (including any bonds that have been approved by the Government as provided in Condition 22 of the Government Lease issued by, or loans made to the Project Owner following a

Forced Sale Date), an amount equal to the unfunded portion, if any, of one-sixth (1/6) of the semi-annual principal and interest payments and make-whole premium, if any, then due and owing on the Series B Bonds (including any past due unpaid amounts) pursuant to Section 5.03(b) of the Trust Indenture; or subsequent to any Forced Sale Date if there are no Outstanding Bonds (including, but not limited to any bonds issued by, or loans made to the Project Owner following a Forced Sale Date), upon notice from the Project Owner to the Lockbox Agent with a copy to the Government, to the Project Owner the Assumed Bond Payment Amount for the current month, or, after the Project Owner has issued such new bonds or obtained such new loan, to the Trustee an amount equal to the principal and interest, if any, due and payable pursuant to the documents governing the new bonds or loan for the current month and provided that such amount to be paid by the Lockbox Agent shall be limited to no more than the Assumed Bond Payment Amount, and, subject to the prior written approval by the Government, to the Project Owner an amount equal to the Assumed Bond Payment Amount for the current month less the amount payable pursuant to the documents governing the new bonds or loan for the current month; provided, however, that if the Lockbox Revenue Account does not have sufficient funds available to make the payment required in this clause (vi) in full, the Lockbox Agent shall notify the Trustee or the Project Owner, as applicable, of such fact, and the Trustee or the Project Owner, as applicable, shall direct the Lockbox Agent to disburse funds held first, in the Trapping Account to meet such shortfall to the extent such funds are available in the Trapping Account and second, if necessary, in the Series B Debt Service Reserve Account to the extent such funds are available in the Series B Debt Service Reserve Account;]

- (vii) [To the Series B Debt Service Reserve Account, an amount necessary to cause the amount on deposit therein to equal the Series B Debt Service Reserve Requirement;]
- (viii) To the Lockbox Agent, an amount equal to its then due and owing Fees and Expenses; [provided, however, that while any “Event of Default” has occurred and is continuing under the Bond Documents, the amounts payable under this clause (viii) shall have a higher priority than the payment described in clause (iv) and shall be paid before the payment described in clause (iv)];
- (ix) Upon notice from the [Construction Lender] [Senior Lender] [Trustee] to the Lockbox Agent, to the [Construction Lender] [Senior Lender] [Trustee], an amount equal to its[, S&P’s and the Bondholder Representative’s] then due and owing Fees and Expenses[; provided, however, that while any “Event of Default” has occurred and is continuing under the Bond Documents], the amount payable under this clause (ix) shall have a higher priority than the payment described in clause (iv) (but a lower priority than the payment described in clause (viii)) and shall be paid before the payment described in clause (iv);
- (x) [Upon notice from the Trustee that a Bond Documents Event of Default Trap Event has occurred, all amounts remaining in the Lockbox Revenue Account (the

“Reserve Amount”) shall be transferred to the Base Operating Accounts, and, upon such occurrence, no funds shall be transferred to items (xi) through (xxix) below; provided, however, that should a Bond Documents Event of Default Trap Event occur and continue and should the Lockbox Agent receive notice from the Trustee that such Bond Documents Event of Default Trap Event has been cured, no additional transfers shall be made to the Base Operating Accounts by reason of such Bond Documents Event of Default Trap Event and such Reserve Amount previously transferred to the Base Operating Accounts shall be used first to make whole items (xi) through (xxix) in full prior to being allocated to other items in the waterfall in accordance with the priorities in this Section 4.02(b);]

- (xi) Upon notice from the Project Owner, to the Base Operating Accounts an amount equal to the amount of any Operating Shortfall required by Section 4.03;
- (xii) To the Replacement Reserve Account, an amount equal to the Replacement Reserve Amount for such calendar month included in the Project Budget;
- (xiii) [To the Government, if there is an outstanding Direct Loan, an amount equal to any principal and interest then due and owing to the Government on the Direct Loan pursuant to the payment schedule for such Direct Loan delivered by the Government to the Lockbox Agent (including, upon written notice from the Government to the Lockbox Agent, any past due unpaid amounts);]
- (xiv) [Should a Debt Service Trap Event occur, to the Trapping Account held by the Lockbox Agent under this Agreement (and no funds shall be transferred thereafter for the purposes described in items [(xv)] through [(xxi)] below until the Pre-Completion Debt Service Requirement is met);]
- (xv) To the Management Company on account of the Project Owner, if the Management Company is an Affiliate of the Project Owner, an amount equal to the Affiliated Management Fees for such month set forth in the Project Budget with a copy documenting such payment to the Project Owner;
- (xvi) Upon notice from the Government to the Lockbox Agent, to the Base Operating Accounts, an amount sufficient to pay any extraordinary expenses (being Operating Expenses which are in excess of those budgeted pursuant to the current Project Budget) of the Project which have been approved by the Government; provided, however, that should such extraordinary expenses cause the overall Project Budget to be increased (after taking into consideration the affect of any savings from other line item components for the Project Budget pursuant to Section 5.02(a)), the notice shall also be delivered by the [Construction Lender] [Senior Lender] [Bondholder Representative] and such extraordinary expenses also shall be approved by the [Construction Lender] [Senior Lender] [Bondholder Representative];
- (xvii) If funds held in the Replacement Reserve Account have been disbursed to cure an “Event of Default” under the Government Lease [or the Direct Loan], to the

Replacement Reserve Account an amount equal to such disbursement to replenish such Account;

- (xviii) Upon notice from the Government and the Project Owner, to the Operating Reserve Account, the amount stated in such notice to fund any contingency, and if such contingency relates to a Base Closure Announcement, upon notice by the [Construction Lender] [Senior Lender] [Bondholder Representative], the Project Owner and the Government;
- (xix) Should a Lockbox Event of Default by the Project Owner or Management Company occur, all amounts remaining in the Lockbox Revenue Account (the "Lockbox Reserve Amount") shall be transferred to the Base Operating Accounts, upon such occurrence, no funds shall be transferred to items (xxvii) through (xxix) below; provided, however, that should a Lockbox Event of Default occur and continue and should the Lockbox Agent receive notice from the [Construction Lender] [Senior Lender] [Bondholder Representative] that such Lockbox Event of Default has been cured, no additional transfers shall be made to the Base Operating Accounts by reason of such Lockbox Event of Default and such Lockbox Reserve Amount previously transferred to the Base Operating Accounts shall be used first to make whole items (xxvii) through (xxix) in full prior to being allocated to other items in the waterfall in accordance with the priorities in this Section 4.02(b);
- (xx) [To the Performance Incentive Account, an amount equal to the Performance Incentive Fee for such month set forth in the Project Budget; and]
- (xxi) Any balance remaining in the Lockbox Revenue Account, after making the transfers and payments required by paragraphs (i) through [(xxi)] above shall be deposited into the Project Operations Subaccount of the Construction Escrow Account.

(c) *Transfers from Lockbox Revenue Account After the Completion Date.* On the Revenue Account Monthly Disbursement Date following the Completion Date (and on the Completion Date if the Completion Date is the Revenue Account Monthly Disbursement Date) and on each succeeding Revenue Account Monthly Disbursement Date, moneys in the Lockbox Revenue Account shall be transferred and disbursed by the Lockbox Agent to the Accounts or Persons specified below in the following order of priority:

- (i) To the Insurance and Condemnation Account, any Net Proceeds received by the Lockbox Agent, except that portion of Net Proceeds specified in writing by the [Senior Lender] [Bondholder Representative] and Project Owner to the Lockbox Agent as business loss insurance proceeds which shall be deposited by the Lockbox Agent in the Base Operating Accounts;
- (ii) To each Base Operating Account, an amount equal to (1) the sum of (I) the Operating Expenses for such month set forth in the Project Budget; (II) upon notice from the Project Owner to the Lockbox Agent, less the amount of any

Surplus Operating Funds required by Section 4.03; and (III) upon notice from the Project Owner to the Lockbox Agent, an amount sufficient to reimburse the Project Owner for payments estimated to be made to Tenants in the calendar month for BAH Amount payments to be returned to such Tenants who moved out of the units during such calendar month; less (2) the amount of any business loss insurance proceeds deposited in the Base Operating Accounts for such month;

- (iii) To the Impositions Reserve Account, an amount equal to the lesser of (1) the amount of the taxes and insurance premiums set forth for such month in the Project Budget, and (2) the difference between one hundred five percent (105%) of the aggregate taxes and insurance premiums included in such Project Budget and the balance of the Impositions Reserve Account;
- (iv) [Upon notice from the Trustee to the Lockbox Agent with a copy to the Government, to the Trustee for deposit in the Revenue Account established under the Trust Indenture, if there are any Outstanding Bonds (including any bonds that have been approved by the Government as provided in Condition 22 of the Government Lease issued by, or loans made to the Project Owner following a Forced Sale Date), an amount equal to the unfunded portion, if any, of one-sixth (1/6) of the semi-annual principal and interest payments and make-whole premium, if any, then due and owing on the Series A Bonds (including any past due unpaid amounts) pursuant to Section 5.03(a) of the Trust Indenture or subsequent to any Forced Sale Date if there are no Outstanding Bonds (including, but not limited to any bonds issued by, or loans made to the Project Owner following a Forced Sale Date), upon notice from the Project Owner to the Lockbox Agent with a copy to the Government, to the Project Owner the Assumed Bond Payment Amount for the current month, or, after the Project Owner has issued such new bonds or obtained such new loan, to the Trustee an amount equal to the principal and interest, if any, due and payable pursuant to the documents governing the new bonds or loan for the current month and provided that such amount to be paid by the Lockbox Agent shall be limited to no more than the Assumed Bond Payment Amount, and, subject to the prior written approval by the Government, to the Project Owner an amount equal to the Assumed Bond Payment Amount for the current month less the amount payable pursuant to the documents governing the new bonds or loan for the current month; provided, however, that if the Lockbox Revenue Account does not have sufficient funds available to make the payment required in this clause (v) in full, the Lockbox Agent shall notify the Trustee or the Project Owner, as applicable, of such fact, and the Trustee or the Project Owner, as applicable, shall direct the Lockbox Agent to disburse funds held first, in the Trapping Account to meet such shortfall to the extent such funds are available in the Trapping Account and second, if necessary, in the Series A Debt Service Reserve Account to the extent such funds are available in the Series A Debt Service Reserve Account] [To the Senior Lender an amount equal to any principal and interest then due and owing to the Senior Lender on the Senior Loan pursuant to the payment schedule for such Senior Loan delivered by the

Senior Lender to the Lockbox Agent, including, upon written notice from the Senior Lender to the Lockbox Agent, any past due unpaid amounts];

- (v) [To the Series A Debt Service Reserve Account, an amount necessary to cause the amount on deposit therein to equal the Series A Debt Service Reserve Requirement;]
- (vi) [Upon notice from the Trustee to the Lockbox Agent with a copy to the Government, to the Trustee for deposit in the Revenue Account established under the Trust Indenture, if there are any Outstanding Bonds (including any bonds that have been approved by the Government as provided in Condition 22 of the Government Lease issued by, or loans made to the Project Owner following a Forced Sale Date), an amount equal to the unfunded portion, if any, of one-sixth (1/6) of the semi-annual principal and interest payments and make-whole premium, if any, then due and owing on the Series B Bonds (including any past due unpaid amounts) pursuant to Section 5.03(b) of the Trust Indenture; or subsequent to any Forced Sale Date if there are no Outstanding Bonds (including, but not limited to any bonds issued by, or loans made to the Project Owner following a Forced Sale Date), upon notice from the Project Owner to the Lockbox Agent with a copy to the Government, to the Project Owner the Assumed Bond Payment Amount for the current month, or, after the Project Owner has issued such new bonds or obtained such new loan, to the Trustee an amount equal to the principal and interest, if any, due and payable pursuant to the documents governing the new bonds or loan for the current month and provided that such amount to be paid by the Lockbox Agent shall be limited to no more than the Assumed Bond Payment Amount, and, subject to the prior approval by the Government, to the Project Owner an amount equal to the Assumed Bond Payment Amount for the current month less the amount payable pursuant to the documents governing the new bonds or loan for the current month; provided, however, that if the Lockbox Revenue Account does not have sufficient funds available to make the payment required in this clause (vii) in full, the Lockbox Agent shall notify the Trustee or the Project Owner, as applicable, of such fact, and the Trustee or the Project Owner, as applicable, shall direct the Lockbox Agent to disburse funds held first, in the Trapping Account to meet such shortfall to the extent such funds are available in the Trapping Account and second, if necessary, in the Series B Debt Service Reserve Account to the extent such funds are available in the Series B Debt Service Reserve Account;]
- (vii) [To the Series B Debt Service Reserve Account, an amount necessary to cause the amount on deposit therein to equal the Series B Debt Service Reserve Requirement;]
- (viii) To the Lockbox Agent, an amount equal to its then due and owing Fees and Expenses; provided, however, that while any “Event of Default” has occurred and is continuing under the Bond Documents, the amounts payable under this

clause [(viii)] shall have a higher priority than the payment described in clause [(iv)] and shall be paid before the payment described in clause [(iv)];

- (ix) Upon notice from the [Senior Lender] [Trustee] to the Lockbox Agent, to the [Senior Lender] [Trustee], an amount equal to its, [S&P's and the Bondholder Representative's] then due and owing Fees and Expenses; provided, however, that while any "Event of Default" has occurred and is continuing under the Bond Documents, the amount payable under this clause (x) shall have a higher priority than the payment described in clause (v) (but a lower priority than the payment described in clause (ix)) and shall be paid before the payment described in clause (v);
- (x) [Upon notice from the Trustee that a Bond Documents Event of Default Trap Event has occurred, all amounts remaining in the Lockbox Revenue Account (the "After Completion Reserve Amount") shall be transferred to the Base Operating Accounts, and upon such occurrence, no funds shall be transferred to items [(xi)] through [(xxii)] below; provided, however, that should a Bond Documents Event of Default Trap Event occur and continue and should the Lockbox Agent receive notice from the Trustee that such Bond Documents Event of Default Trap Event has been cured, no additional transfers shall be made to the Base Operating Accounts by reason of such Bond Documents Event of Default Trap Event, and such After Completion Reserve Amount previously transferred to the Base Operating Accounts shall be used first to make whole items (xii) through (xxxi) in full prior to being allocated to other items in the waterfall in accordance with the priorities in this Section 4.02(c);]
- (xi) Upon notice from the Project Owner, to the Base Operating Accounts an amount equal to the amount of any Operating Shortfall required by Section 4.03;
- (xii) To the Replacement Reserve Account, an amount equal to the Replacement Reserve Amount for such calendar month included in the Project Budget;
- (xiii) [To the Government, if there is an outstanding Direct Loan, an amount equal to the principal and interest then due and owing pursuant to the payment schedule for such Direct Loan delivered by the Government to the Lockbox Agent (including, upon written notice from the Government to the Lockbox Agent, any past due unpaid amounts);]
- (xiv) [Should a Debt Service Trap Event occur, to the Trapping Account held by the Lockbox Agent under this Agreement (and no funds shall be transferred thereafter for the purposes described in items (xxiii) through (xxxi) below until the Post-Completion Debt Service Requirement is met);]
- (xv) To the Management Company on account of the Project Owner, if the Management Company is an Affiliate of the Project Owner, an amount equal to

the Affiliated Management Fees for such month set forth in the Project Budget with a copy documenting such payment to the Project Owner;

- (xvi) Upon notice from the Government to the Lockbox Agent, to the Base Operating Accounts, an amount sufficient to pay any extraordinary expenses (being Operating Expenses which are in excess of the budgeted pursuant to the current Project Budget) of the Project which have been approved by the Government; provided, however, that should such extraordinary expenses cause the overall Project Budget to be increased (after taking into consideration the affect of any savings from other line item components for the Project Budget pursuant to Section 5.02(a)) the notice also shall be delivered by the [Senior Lender] [Bondholder Representative] and such extraordinary expenses shall also be approved by the [Senior Lender] [Bondholder Representative];
- (xvii) If funds held in the Replacement Reserve Account have been disbursed to cure an “Event of Default” under the Government Lease [or the Direct Loan], to the Replacement Reserve Account an amount equal to such disbursement to replenish such account;
- (xviii) Upon notice from the Government and the Project Owner, to the Operating Reserve Account, the amount stated in such notice to fund any contingency, and if such contingency relates to a Base Closure Announcement, upon notice by the [Senior Lender] [Bondholder Representative], the Project Owner and the Government;
- (xix) Should a Lockbox Event of Default by the Project Owner or the Management Company occur, all amounts remaining in the Lockbox Revenue Account (the “Lockbox Reserve Amount”) shall be transferred to the Base Operating Accounts, upon such occurrence, no funds shall be transferred to items (xxix) through (xxxii) below; provided, however, that should a Lockbox Event of Default occur and continue and should the Lockbox Agent receive notice from the [Senior Lender] [Bondholder Representative] that such Lockbox Event of Default has been cured, no additional transfers shall be made to the Base Operating Accounts by reason of such Lockbox Event of Default and such Lockbox Reserve Amount previously transferred to the Base Operating Accounts shall be used first to make whole items (xxix) through (xxxii) in full prior to being allocated to other items in the waterfall in accordance with the priorities in this Section 4.02(c);
- (xx) [To the Performance Incentive Account, an amount equal to the Performance Incentive Fee for such month set forth in the Project Budget;]
- (xxi) To the Government, payment, if applicable, of the Default Purchaser Base Rent; and

- (xxii) The residual balance, if any, of the Lockbox Revenue Account shall be deposited for each year of the Government Lease as follows__% to the Reinvestment Account and the remaining __% to the Project Owner.

(d) *Insufficient Project Receipts to Fully Fund all Accounts.* If the moneys in the Lockbox Revenue Account are insufficient in any calendar month on the Revenue Account Monthly Disbursement Date to fully fund an Account, as provided in Sections 4.02(b) or 4.02(c), then in each succeeding calendar month on the Revenue Account Monthly Disbursement Date any Account Funding Shortfall shall be satisfied fully before an Account of lower priority is funded.

(e) *Disbursements after Acceleration of Bond Debt.* If the debt evidenced by the Bonds is accelerated pursuant to the provisions of the Trust Indenture (unless such acceleration is rescinded in accordance with the Trust Indenture and the other Bond Documents), the Lockbox Agent shall immediately transfer all money on deposit in, or thereafter deposited into, the Lockbox Revenue Account, after payment of items 4.02(b)(i), (ii), (iii), (iv), [(v)], [(vi)], [(vii)], [(viii)] and [(ix)] or 4.02(c)(i), (ii), (iii), (iv), [(v)], [(vi)], [(vii)], [(viii)], [(ix)] and [(x)], as applicable, to the Trustee for deposit in the Redemption Subaccount.

Section 4.03. Base Operating Accounts.

(a) On the [Effective Date] [Bond Closing Date] the Lockbox Agent shall transfer the amount identified in Section 4.01(l)(i)(a) from the Project Owner Equity Subaccount into the Base Operating Accounts. [On the Bond Closing Date, a portion of the Bond proceeds in the amount identified in Section 4.01(l)[(vii)] shall be deposited into the Base Operating Accounts.] Thereafter, Project Receipts shall be deposited into the Base Operating Accounts, as provided in Sections 4.02(b)(i) (if applicable), 4.02(b)(ii), 4.02(b)[(x)] (if applicable), 4.02(b)[(xxii)] (if applicable), 4.02(b)[(xxvi)] (if applicable), 4.02(c)(i) (if applicable), 4.02(c)(ii), 4.02(c)[(xi)] (if applicable), 4.02(c)(xxiv) (if applicable) and 4.02(c)[(xx)] (if applicable) and all other moneys received by the Lockbox Agent which are accompanied by written instructions to deposit them into the Base Operating Accounts also shall be deposited into the Base Operating Accounts. Disbursements from the Base Operating Accounts shall be made by the Lockbox Agent pursuant to a Disbursement Request from the Project Owner which includes a certification from an Authorized Officer of the Project Owner certifying (a) to the accuracy and completeness of the information contained in the Disbursement Request, (b) that the disbursement proceeds will be used to pay the Operating Expenses or certain refunds (described below) identified in the Disbursement Request, and (c) that the amount of the disbursement is consistent with the Operating Plan. All disbursements from the Base Operating Accounts shall be initiated by bank check or wire transfer. The funds in the Base Operating Accounts shall be used to pay Operating Expenses and may be used to refund (i) Tenant security deposits and (ii) all or any portion of the BAH Amount that the Project Owner will receive for any active duty service member who is a Tenant and moves out of a Housing Unit prior to the date such BAH Amount is received by the Project Owner. Notwithstanding anything to the contrary in this Agreement, the Lockbox Agent may rely upon and shall disburse funds pursuant to Section 4.01(l)[(vii)] and the Closing Instructions without further approval or certification from the Project Owner, the Government, [the Trustee or the Bondholder Representative] [the Construction Lender] [or the Senior Lender].

(b) For each calendar quarter, the Project Owner shall prepare and submit to the Government and the Lockbox Agent within fifteen (15) Business Days after the end of such calendar quarter, a

reconciliation as of the last day of such calendar quarter of the Base Operating Accounts with the Project Cash Flow Statement using the form attached to this Agreement as Exhibit A (the “Quarterly Reconciliation Statement”). If, after deducting any amounts for the next calendar quarter received during the calendar quarter being reconciled, the balance of the Base Operating Accounts exceeds two-twelfth’s (2/12) of the aggregate amount of the Operating Expenses included in the Project Budget for the current Fiscal Year, then the Project Owner shall submit a Disbursement Request to the Lockbox Agent instructing the Lockbox Agent to transfer an amount equal to such excess amount (the “Surplus Operating Funds”) from the Base Operating Accounts to the Lockbox Revenue Account on the date that the Lockbox Agent next makes the transfers and disbursements provided for in Sections 4.02(b) and 4.02(c). If the balance of the Base Operating Accounts is less than one twelfth (1/12) of the aggregate amount of the Operating Expenses included in the Project Budget for the current Fiscal Year, then the Project Owner shall submit a Disbursement Request to the Lockbox Agent instructing the Lockbox Agent to transfer an amount equal to such shortfall (the “Operating Shortfall”) from the Lockbox Revenue Account to the Base Operating Accounts on the date that the Lockbox Agent next makes the transfers and disbursements provided for in and in accordance with the priorities set forth in Sections 4.02(b) and 4.02(c).

Section 4.04. Project Impositions Reserve Account. On the [Effective Date] [Bond Closing Date] the Lockbox Agent shall transfer the amount identified in Section 4.01(l) from the Project Owner Equity Subaccount to the Impositions Reserve Account. Thereafter, Project Receipts shall be deposited into the Impositions Reserve Account, as provided in Sections 4.02(b)(iii) and 4.02(c)(iii), and all other moneys received by the Lockbox Agent which are accompanied by written instructions to deposit them into the Impositions Reserve Account also shall be deposited into the Impositions Reserve Account. Disbursements from the Impositions Reserve Account shall be made by the Lockbox Agent pursuant to a Disbursement Request from the Project Owner which includes a certification from an Authorized Officer of the Project Owner certifying (a) to the accuracy and completeness of the information contained in the Disbursement Request, (b) that the disbursement proceeds will be used to pay the impositions identified in the Disbursement Request, and (c) that the amount of the disbursement is consistent with the Imposition Plan. Such Disbursement Request shall be accompanied by copies of the tax bills and/or insurance invoices to be paid with such disbursement proceeds. Any amounts on deposit in the Impositions Reserve Account on each Revenue Account Monthly Disbursement Date in excess of 105% of the aggregate taxes and insurance premiums included in the Project Budget shall be deposited into the Lockbox Revenue Account.

Section 4.05. Project Replacement Reserve Account.

(a) Project Receipts shall be deposited into the Replacement Reserve Account, as provided in Sections 4.02(b)[(xii)] and [(xxiii)] and Sections 4.02(c)[(xii)] and [(xviii)], and all other moneys received by the Lockbox Agent which are accompanied by written instructions to deposit such moneys into the Replacement Reserve Account also shall be deposited into the Replacement Reserve Account.

(b) The Replacement Reserve Account shall be sufficient at all times to pay for all maintenance, capital repair, and replacement costs set forth in the Capital Repair and Replacement Plan that is a part of the Project Budget and all such maintenance, capital repair and replacement costs shall be paid with moneys on deposit in the Replacement Reserve Account. The Capital Repair and Replacement Plan provides for a monthly deposit to the Replacement Reserve Account of at least an

amount equal to one-twelfth (1/12) of the Replacement Reserve Amount (the “Replacement Reserve Deposit”) as provided in the Capital Repair and Replacement Plan. On or before the Revenue Account Monthly Disbursement Date the Project Owner shall deliver to the Government a written report disclosing the number of units in the Project that were occupied or available for occupancy on the last day of the preceding calendar month.

(c) Disbursements from the Replacement Reserve Account to the Base Operating Accounts shall be made by the Lockbox Agent pursuant to a Disbursement Request from an Authorized Officer of the Project Owner and certifying (a) to the accuracy and completeness of the information contained in the Disbursement Request, and (b) that the amounts included in the Disbursement Request were or shall be used for the purposes set forth in the Disbursement Request, consistent with the Capital Repair and Replacement Plan. The Disbursement Request shall be and that such use is accompanied by (i) executed lien waivers, if applicable, (ii) copies of all invoices for the maintenance, capital repairs and replacements that were or shall be made with such moneys to the Property, (iii) the name and address of each Person to whom payment was made or is due, (iv) the requisition number determined by the Project Owner, and (v) the amount to be paid. A copy of such Disbursement Requests shall also be sent to the [Trustee] [the Construction Lender, if the Construction Loan has not been paid in full, and] [the Senior Lender, if any part of the Senior Loan is outstanding]. Disbursements from the Replacement Reserve Account shall not be made more frequently than once per calendar month.

(d) If an “Event of Default” by the Project Owner exists and is continuing under the Government Lease [or the Direct Loan], the Government may submit a Disbursement Request to the Lockbox Agent for a disbursement from the Replacement Reserve Account equal to the amount required to cure such default. Any such Disbursement Request (i) shall include a certification from an Authorized Officer of the Government that the amount included in the Disbursement Request shall be used to cure the “Event of Default” under the Government Lease, and (ii) must be approved in writing by the [Bondholder Representative] [the Construction Lender, if the Construction Loan has not been paid in full, and] [the Senior Lender, if any part of the Senior Loan is outstanding] in [its] [their] sole and absolute discretion[, if any Bonds are outstanding]. If such disbursement is made, an amount equal to such disbursement shall be paid, if available, from the Lockbox Revenue Account to the Replacement Reserve Account pursuant to Sections 4.02(b) or 4.02(c), as applicable.

(e) Upon the Lease Termination Date or the effective date of any expiration or other termination of this Agreement, the Lockbox Agent shall disburse the balance of the Replacement Reserve Account to the Government unless the Project Owner purchases the Project Site pursuant to Condition 34 of the Government Lease, in which case the balance of the Replacement Reserve Account shall be deposited in the Lockbox Revenue Account.

Section 4.06. Project Operating Reserve Account. Project Receipts shall be deposited into the Operating Reserve Account, as provided in Sections 4.02(b)[(xviii)] and 4.02(c)[(xviii)], and all other moneys received by the Lockbox Agent which are accompanied by written instructions to deposit such moneys into the Operating Reserve Account also shall be deposited to the Operating Reserve Account. Disbursements from the Operating Reserve Account shall be made by the Lockbox Agent pursuant to a Disbursement Request which has been approved in writing (i) by the Construction Consultant [and] [the Construction Lender] [Senior Lender] prior to the Completion Date, (ii) by [the Bondholder Representative] [Senior Lender] after the Completion Date while the [Bonds are] [Senior Loan is]

outstanding and, (iii) after the Completion Date and provided that the [Bonds are] [Senior Loan is] no longer outstanding, by an Authorized Officer of each of the Project Owner and the Government and includes a certification from an Authorized Officer of the Project Owner certifying (a) to the accuracy and completeness of the information included in the Disbursement Request, and (b) that the amounts included in the Disbursement Request shall be used to pay expenses incurred in connection with the operation and maintenance of the Property identified therein which were not included in the Project Budget. The Disbursement Request shall be accompanied by bills or invoices for the expenses to be paid with such disbursement. Upon notice from the Government, [the Construction Lender,] [the Senior Lender] [the Bondholder Representative] and the Project Owner, the balance, if any, of the Operating Reserve Account shall be transferred by the Lockbox Agent to the Lockbox Revenue Account.

Section 4.07. Tenant Security Deposit Account. On the [Effective Date] [Bond Closing Date], the amount specified in Section 4.01(l), representing all security deposits from Tenants residing at the Project as of such date, will be deposited in the Tenant Security Deposit Account from funds held by the Government on the Bond Closing Date. Thereafter, the Project Owner shall cause any security deposit received from a Tenant to be deposited promptly into the Tenant Security Deposit Account. Disbursements from the Tenant Security Deposit Account shall be made by the Lockbox Agent pursuant to a Disbursement Request which includes a certification from an Authorized Officer of the Project Owner certifying (i) the accuracy and completeness of the information included in the Disbursement Request, and (ii) that the disbursement proceeds will be used by the Project Owner either (a) to reimburse the Base Operating Accounts for monies used to return Tenant security deposits during the immediately preceding calendar month or (b) to cure defaults under Tenant leases. Disbursements from the Tenant Security Deposit Account shall not be made more frequently than twice per calendar month or more frequently than every two weeks. The Tenant Security Deposit Account shall be held and maintained in accordance with all Applicable Laws. The security interests of the Trustee and the Government pursuant to Section 4.01(c) shall be subject to the rights of each Tenant under State law in his deposit.

Section 4.08. Series A Debt Service Reserve Account.

On the Bond Closing Date, a portion of the Bond proceeds in the amount specified in Section 4.01(l) will be deposited in the Series A Debt Service Reserve Account. Project Receipts shall be deposited into the Series A Debt Service Reserve Account as provided in Sections 4.02(b)(v) and 4.02(c)(vi). The Series A Debt Service Reserve Account will have a maximum balance equal to the Series A Debt Service Reserve Requirement. Disbursements from the Series A Debt Service Reserve Account shall be made by the Lockbox Agent pursuant to a Disbursement Request from the Trustee to the Lockbox Agent with a copy to the Government, the Bondholder Representative and the Project Owner identifying an amount equal to the unfunded portion of one-sixth (1/6) of the semi-annual principal and interest payments and make-whole premium, if any, then due and owing on the Series A Bonds (including any past due amounts), pursuant to Section _____ of the Trust Indenture. The Lockbox Agent shall disburse such amount(s) from the Series A Debt Service Reserve Account to the Trustee for deposit in the Revenue Account. Upon certification from the Trustee to the Lockbox Agent that the Bonds are no longer outstanding, moneys held in the Series A Debt Service Reserve Account shall be transferred to the Lockbox Revenue Account.]

Section 4.9. Construction Escrow Account.

(a) Moneys deposited into the Subaccounts of the Construction Escrow Account shall be used for the purposes provided in this Section 4.10 and disbursed pursuant to the procedures set forth in Section 4.10(d).

(b) On the [Effective Date] [Bond Closing Date], the Project Owner shall deliver the amount identified in Section 4.01(1) to the Lockbox Agent for deposit into the Project Owner Equity Subaccount. Disbursements from the Project Owner Equity Subaccount shall be made by the Lockbox Agent pursuant to a Disbursement Request which includes the certification provided for in Section 4.10(d). On the [Effective Date] [Bond Closing Date], portions of the [Construction Loan] [Senior Loan] [Bond] proceeds in the amounts specified in Section 4.01(1) will be deposited in the [Construction Bonds] [Construction Loan] [Senior Loan] Proceeds Subaccount [and the Contingency Subaccount]. [Proceeds of the Direct Loan shall be deposited in the Direct Loan Subaccount.] In addition, (i) all amounts specified in Section 4.02(b)(xxix) shall be deposited into the Project Operations Subaccount, and (ii) any other moneys received by the Lockbox Agent which (1) pursuant to this Agreement are required to be deposited into the Construction Escrow Account or any Subaccount thereof or (2) are accompanied by written instructions to deposit such moneys into the Construction Escrow Account or any Subaccount thereof, shall be so deposited.

(c) Prior to the Completion Date, all moneys deposited into the [Construction Loan] [Senior Loan] [Construction Bond] Proceeds Subaccount[,] [and] the Project Operations Subaccount and the Direct Loan Subaccount shall be used to manage, acquire, construct, improve, renovate, and equip the Improvements. The Lockbox Agent shall not disburse any moneys from the [Construction Loan] [Senior Loan] [Construction Bond] Proceeds Subaccount until all moneys in the Project Owner Equity Subaccount and the Project Operations Subaccount have been disbursed.

(d) Disbursement Requests for any of the Subaccounts of the Construction Escrow Account shall include (i) a certification from an Authorized Officer of the Project Owner to the Lockbox Agent certifying (1) to the accuracy and completeness of the information contained in the Disbursement Request, and (2) that the amounts included in the Disbursement Request shall be used for the purposes set forth in the Disbursement Request, consistent with the Design and Construction Plan and (ii) a certification from an Authorized Officer of the Trustee to the Lockbox Agent certifying that, to the best of his knowledge, the Disbursement Request satisfies the requirements of Section 5.04(a) of the Trust Indenture. With such certifications, the Lockbox Agent shall not be required or obligated to obtain or verify items (1) to (4) below (each of which shall have been provided to the Construction Consultant by the Project Owner prior to the submission of the Disbursement Request to the Lockbox Agent) listed in the succeeding sentence prior to paying such Disbursements Request. Upon request of the Government, the [Construction Lender] [or the Senior Lender] [Trustee or Bondholder Representative], the Project Owner shall provide to such requesting party the following documents related to such Disbursement Request: (1) executed lien waivers and releases, if applicable, and bills paid affidavits from appropriate parties as determined by the [Construction Lender] [the Senior Lender] [Bondholder Representative, the Trustee] or Construction Consultant, (2) copies of all invoices for the Improvements that were made to the Property, (3) the name and address of each person or business to whom payment is due or was made and (4) the requisition number determined by the Project Owner. If the [Construction Lender] [Senior Lender] [Trustee] receives notice from the

Contractor that Project Owner is in default under the Construction Contract, the [Construction Lender] [Senior Lender] [Trustee] shall so notify the Lockbox Agent and the Lockbox Agent shall not disburse any further funds from any of the Subaccounts of the Construction Escrow Account to Project Owner without approval of the [the Construction Lender] [the Senior Lender] [Bondholder Representative] until such time as the [Construction Lender] [Senior Lender] [Trustee] provides notice, based upon a notice provided to it from the Construction Consultant, to the Lockbox Agent that the Construction Contract default has been cured. Disbursements for any of the Subaccounts of the Construction Escrow Account while a Construction Contract default exists shall be made pursuant to Disbursement Requests submitted by the Trustee which satisfy the requirements set forth in the first sentence of this Section 4.10(d), except that an Authorized Officer of the [Construction Lender] [Senior Lender] [Trustee], rather than an Authorized Officer of Project Owner, shall make the required certifications. Disbursements from the Project Owner Equity Subaccount shall not be made more frequently than once per calendar month.

(e) [Moneys in the Contingency Subaccount shall be used to fund Operating Shortfalls if moneys are not available in the Lockbox Revenue Account to fund such shortfalls. Moneys in the Contingency Subaccount also may be used (i) to cover expenses which are included in the Design and Construction Plan for management, construction, improvement, renovation or equipment of the Improvements, if the aggregate moneys in the Project Operations Subaccount[,] [and] Construction Bond Proceeds Subaccount [and Direct Loan Subaccount] are insufficient to cover such expenses, and (ii) to cover expenses for management, construction, improvement, renovation or equipment of the Improvements which are not included within the Design and Construction Plan. Disbursement Requests to fund (1) all or any portion of an Operating Shortfall or (2) expenses in the Design and Construction Plan for which there are insufficient moneys in the Construction Escrow Account Subaccounts other than the Contingency Subaccount, shall include a certification from an Authorized Officer of the Project Owner to the Lockbox Agent certifying that the amounts included in any such Disbursement Request shall be used for the purposes disclosed therein. Disbursement Requests to fund expenses which are not included in the Design and Construction Plan shall include a certification from an Authorized Officer of the Project Owner to the Lockbox Agent certifying that the amounts included in any such Disbursement Request shall be used for the purposes disclosed therein and the written approval of each of the Construction Consultant, the Government and the Bondholder Representative of such Disbursement Request.]

[(f)] On the Completion Date, the balance, if any, of the Construction Escrow Account, after reserving therein an amount equal to the unpaid costs and expenses for the Project contested in good faith by the Project Owner and holdbacks permitted by the Construction Documents for punch list items or other matters, all as certified to by the Project Owner and consented to by [the Construction Lender] [the Senior Lender] [the Bondholder Representative] in writing, shall be disbursed as specified below in the following order of priority: (i) to fund any Account Funding Shortfall, as provided in Section 4.02(d); and (ii) the residual balance, if any, with the written consent of the Government, which may be withheld in the sole discretion of the Government, delivered to the Lockbox Agent, the Project Owner [Construction Lender] and the [Senior Lender] [Trustee] within thirty (30) days after the Completion Date [(i) shall be applied to repay the Direct Loan or (ii) absent receipt of such consent by the Lockbox Agent within such period] shall be transferred to the Reinvestment Account. If, however, before the Completion Date, the Government Lease or the Project Owner's operation of the Project is terminated for default, or there is a sale or other transfer of the Project permitted under the

Government Lease [, Construction Loan Documents and] [Senior Loan Documents, if any part of the Senior Loan is then outstanding,] [and Trust Indenture], any remaining balance in the Construction Escrow Account shall be deemed to be an asset of the Project and shall remain in the Construction Escrow Account to be used in connection with the construction and continued operation of the Project without regard to whether the Project is owned or operated by the Government or a designee of the [Construction Lender or] [Senior Lender] [, if any part of the Senior Loan is then outstanding] [Bondholder Representative] approved by the Government pursuant to Condition 22 of the Government Lease, or any other party approved by the Government [Construction Lender or] [Senior Lender] [, if any part of the Senior Loan is then outstanding] [and the Bondholder Representative] as the owner or operator of the Project following such termination. After (a) a portion of amounts reserved hereunder for unpaid costs and expenses contested in good faith or for holdbacks, as referenced above, are disbursed, (b) all work relating to such holdbacks has been completed, and (c) such disputes have been resolved, the Project Owner shall certify same in writing to the Lockbox Agent. Upon receipt of written consent from [the Construction Lender and] [Senior Lender] [, if any part of the Senior Loan is outstanding] [the Bondholder Representative], the Lockbox Agent shall disburse the remaining balance of the Construction Escrow Account as provided in (i) and (ii) above.

Section 4.10. Reinvestment Account.

Project Receipts shall be deposited into the Reinvestment Account, as provided in Section 4.02(c)[(xxii)] and 4.10(f), and all other moneys received by the Lockbox Agent which are accompanied by written instructions to deposit such moneys into the Reinvestment Account also shall be deposited into the Reinvestment Account. Project Receipts deposited into the Reinvestment Account shall be owned by the Government. Funds in the Reinvestment Account shall be used primarily for the purpose of protecting and enhancing the Project through reinvestment in the Project in the form of quality of life improvements including, but not limited to, modernization programs, which will directly benefit the Tenants. Such improvements shall be made pursuant to the reinvestment plan submitted by the Project Owner and approved by the Government. Disbursements from the Reinvestment Account shall be made by the Lockbox Agent pursuant to a Disbursement Request executed by an Authorized Officer of the Government with a copy to the [Construction Lender] [Senior Lender] [Trustee], the Project Owner [and the Bondholder Representative]. The Government shall submit a Disbursement Request to the Lockbox Agent directing that funds be transferred from the Reinvestment Account to the Project Operations Subaccount of the Construction Escrow Account in an amount equal to the portion of the budget for any reinvestment plan project to be funded out of the Reinvestment Account. The Government and the Project Owner acknowledge that sufficient funding sources shall be identified and deposited into the Project Operations Subaccount prior to implementing a reinvestment plan project. Disbursements from the Project Operations Subaccount of the Construction Escrow Account to implement any reinvestment plan project shall be made pursuant to the procedures set forth in Section 4.10(d), and shall include the approval of the Construction Consultant (or such other construction consultant as may be retained by the Project Owner with the consent of the [Construction Lender] [Senior Lender] [Bondholder Representative] and the Government). Upon certification by the Project Owner and the Government that the applicable improvement of all or any applicable portion of the reinvestment plan has been completed, any surplus funds held in the Project Operations Subaccount of the Construction Escrow Account shall be transferred by the Lockbox Agent to the Reinvestment Account, and shall no longer be subject to the lien granted to the Trustee on all funds held in the Project Operations Subaccount of the Construction

Escrow Account. Disbursements from the Reinvestment Account shall not be made more frequently than once per calendar month.

[Section 4.11. Performance Incentive Account. Project Receipts shall be deposited into the Performance Incentive Account as provided in Sections 4.02(b)(xxvii) and 4.02(c)(xxix), and all other moneys received by the Lockbox Agent which are accompanied by written instructions to deposit such moneys into the Performance Incentive Account also shall be deposited into the Performance Incentive Account. Disbursements from the Performance Incentive Account shall be made quarterly by the Lockbox Agent pursuant to a Disbursement Request from an Authorized Officer of the Project Owner which (a) includes a certification from the Project Owner that the amount of the requested disbursement was awarded to the Project Owner as a Performance Incentive Fee pursuant to a Performance Incentive Evaluation, and (b) instructs the Lockbox Agent to disburse to the Lockbox Revenue Account the residual balance, if any, of the Performance Incentive Account. Notwithstanding the above, no disbursements shall be made from the Performance Incentive Account until the Project Budget for the current Fiscal Year has been agreed to by the Approving Parties and the Project Owner. Disbursements from the Performance Incentive Account delayed by the absence of an agreed Project Budget shall be made pursuant to the first Disbursement Request delivered to the Lockbox Agent pursuant to this Section 4.12 after the Approving Parties and the Project Owner agree upon a Project Budget.]

Section 4.12. Trapping Account. Project Receipts shall be deposited into the Trapping Account as provided in Sections 4.02(b)[(xiv)] and 4.02(c)[(xiv)], and all other moneys received by the Lockbox Agent which are accompanied by written instructions to deposit such moneys into the Trapping Account also shall be deposited into the Trapping Account. Project Receipts deposited into the Trapping Account shall be held therein until the [Construction Lender, if the Construction Loan has not been paid in full,] [and] [Senior Lender, if any part of the Senior Loan is outstanding,] [Trustee] [has] [have] delivered a Release Notice to the Lockbox Agent, the Project Owner and the Government stating [(i)] that a then-effective Event of Default Notice and Direction has been terminated because the Debt Service Coverage Ratio has been increased to the Pre-Completion Debt Service Requirement or the Post-Completion Debt Service Requirement, as applicable[, or (ii) that the rating agencies then rating the Bonds Outstanding have delivered to the Trustee a written confirmation that the release of all or any portion of the funds held in the Trapping Account will not result in the downgrade, withdrawal or negative qualification by such rating agencies of the then-current ratings on the Bonds Outstanding]. The [Construction Lender] [Senior Lender] [Trustee] shall deliver a Release Notice promptly, but no event later than five (5) Business Days after the event stated therein has occurred. Within two (2) Business Days of receipt of such Release Notice, the Lockbox Agent shall transfer, [with respect to (i) in the preceding sentence,] all funds [or, with respect to (ii) in the preceding sentence, such amount designated to be released in the written confirmation from the rating agencies then rating the Bonds Outstanding,] in the Trapping Account to the Lockbox Revenue Account and on the next Revenue Account Monthly Disbursement Date such moneys shall be disbursed in accordance with Section 4.02(b) or 4.02(c), as applicable. Transfers from the Trapping Account shall be made by the Lockbox Agent to the [Construction Lender, if the Construction Loan has not been paid in full,] [and] [Senior Lender, if any part of the Senior Loan is outstanding,] [Trustee] pursuant to Sections 4.02(b)(iv), 4.02(b)(vi), 4.02(c)(v), and 4.02(c)(vii).

Section 4.13. Insurance and Condemnation Account. The Lockbox Agent shall deposit all Net Proceeds (other than business loss insurance proceeds) resulting from the destruction, damage or condemnation of the Project as provided in Sections 4.02(b)(i) and 4.02(c)(ii) in the Insurance and Condemnation Account. Such Net Proceeds shall be disbursed by the Lockbox Agent as follows:

(a) Casualty or Condemnation. In the event that any part of the Project is damaged (except *de minimus* damage) or destroyed or if title to or the temporary use of the Project is taken under the exercise of the power of eminent domain or otherwise by any governmental body or by any Person acting under governmental authority, the Project Owner shall promptly give written notice thereof to the Government, the Lockbox Agent, [and] [the Construction Lender, if the Construction Loan has not been paid in full,] [and] [the Senior Lender, if any part of the Senior Loan is outstanding,] [the Trustee and the Bondholder Representative]. The Project Owner shall as soon as reasonably practicable after the casualty restore the Property as nearly as possible to the condition which existed immediately prior to such loss or damage, or condemnation, with such changes, alterations, and modifications (including the substitution and addition of other property) as may be agreed to by the Project Owner, Government [and] [the Construction Lender, if the Construction Loan has not been paid in full,] [and] [the Senior Lender, if any part of the Senior Loan is outstanding,] [and the Bondholder Representative], provided such changes, alterations, and modifications are permitted by and in compliance with all Applicable Laws, the Transaction Documents, and the Occupancy Leases (if applicable), and will not impair the value, utility, or character of the Property as it was immediately prior to such loss or damage or condemnation.

(b) Insufficient Net Proceeds. Except as provided in Section 4.14(d), if the Net Proceeds are not sufficient to pay in full the estimated costs of repairing, rebuilding, and restoring the Project, the Project Owner shall nonetheless complete said work and shall promptly deliver to the Lockbox Agent for deposit into the Insurance and Condemnation Account (or demonstrate to the satisfaction of the Government [the Construction Lender, if the Construction Loan has not been paid in full,] [and the Senior Lender, if any part of the Senior Loan is outstanding] [and the Bondholder Representative] that sufficient proceeds will be available for deposit in the Insurance and Condemnation Account on or before the date such estimated costs are projected to be incurred) that portion of the estimated costs in excess of the Net Proceeds.

(c) Disbursements. Disbursement Requests from the Insurance and Condemnation Account shall include a certification from an Authorized Officer of the Project Owner certifying (i) to the accuracy and completeness of the information contained in the Disbursement Request, and (ii) that the amounts included in the Disbursement Request shall be used for the purposes set forth in the Disbursement Request, consistent with the Insurance/Condemnation Construction Contract (as defined below). Disbursements from the Insurance and Condemnation Account shall not be made more frequently than once per calendar month. Such Disbursement Requests must be approved by the Government, [the Construction Lender, if the Construction Loan has not been paid in full,] [the Senior Lender, if any part of the Senior Loan is outstanding] [the Bondholder Representative] and the Construction Consultant, and with such approval, the Lockbox Agent shall not be required or obligated to obtain or verify items (i) to (x) (each of which shall have been provided to the Construction Consultant prior to approval of the Disbursement Request by the Construction Consultant) listed in the succeeding sentence prior to funding such Disbursement Request. [For each Disbursement Request, the Trustee shall also certify to the Lockbox Agent that, to the best of its knowledge, the Disbursement

Request satisfies the requirements of Section _____ of the Trust Indenture]. The Project Owner shall provide to the Government, [the Construction Lender, if the Construction Loan has not been paid in full,] [the Senior Lender, if any part of the Senior Loan is outstanding,] [the Bondholder Representative] and the Construction Consultant the following related to such Disbursement Request: (i) a certification from the Project Owner that the Project can be restored within nine (9) months, or a longer time schedule approved by the Government[,] [the Construction Lender, if the Construction Loan has not been paid in full,] [the Senior Lender, if any part of the Senior Loan is outstanding,] and [the Bondholder Representative], to substantially the condition thereof immediately preceding such damage, destruction, or condemnation, or in the case of a condemnation, to a condition suitable for the continued operation of the remaining portion of the Project; (ii) a line item budget or cost itemization setting forth the estimated cost of the proposed repair, rebuilding, or restoration of the Property, including an allowance for contingencies, and the estimated date of completion of such repair, rebuilding and restoration; (iii) a contract (an “Insurance/Condemnation Construction Contract”) between the Project Owner and a general contractor, reasonably acceptable to the Government[,] [the Construction Lender, if the Construction Loan has not been paid in full,] [the Senior Lender, if any part of the Senior Loan is outstanding,] and [the Bondholder Representative], whereby the general contractor agrees to repair or restore the Property and to subordinate any of its liens to the liens of the [the Construction Lender, if the Construction Loan has not been paid in full,] [the Senior Loan, if any part of the Senior Loan is outstanding,] [Trustee] and the Government under the Transaction Documents and otherwise attorns to the Trustee [the Construction Lender, if the Construction Loan has not been paid in full,] [the Senior Lender, if any part of the Senior Loan is outstanding,] and the Government; (iv) copies of all subcontracts relating to such repair or restoration; (v) assignments by the Project Owner to the Trustee and the Government of the Insurance/Condemnation Construction Contract and all such subcontracts and consents thereto executed by the general contractor and the subcontractors, as the case may be, all in form and substance satisfactory to [the Construction Lender, if the Construction Loan has not been paid in full,] [the Senior Lender, if any part of the Senior Loan is outstanding,] [the Bondholder Representative] and the Government; (vi) a cash flow statement evidencing that the rental income from the Project during the repair or restoration (taking into account business loss insurance proceeds) and after completion of the repair or restoration will be sufficient to pay timely all Operating Expenses, and the debt service on [the Construction Loan, if it has not been paid in full] [and] [the Senior Loan if any part of it is outstanding] [all Bonds] [and the Direct Loan]; (vii) such additional documentation as the Construction Consultant may reasonably request; (viii) confirmation that all amounts necessary to accomplish the proposed repair, rebuilding and restoration are on deposit in the Insurance and Condemnation Account; (ix) the Project Owner’s projected financial statements for each Fiscal Year through and including the Fiscal Year following the year in which such repair, rebuilding and restoration is expected to be completed and which shall be (a) accompanied by a certificate of the Project Owner confirming that the assumptions underlying such projected financial statements are reasonable, (b) prepared in accordance with GAAP, and (c) accompanied by a certificate of the Project Owner confirming that the reasonably forecasted revenues exceed reasonably projected expenses and payments for such Fiscal Years; and (x) satisfactory evidence that all permits, licenses, and other governmental approvals necessary for operation of the Property are in full force and effect or shall be in effect once repairing, rebuilding, and restoration work is completed and all required builders’ risk insurance and other insurance coverages required to be obtained in connection with any repairing, rebuilding, and restoration work have been obtained.

(d) Election Not to Restore Project. In the event that the Government, in consultation with the Project Owner [and, if the Construction Loan is outstanding, the Construction Lender,] [and if the Senior Loan is outstanding, the Senior Lender,] [and, if Bonds are then Outstanding, the Bondholder Representative], determines the magnitude of the casualty to the Property is so extensive that it cannot be used by the Project Owner for its operations and the repairs, rebuilding or replacement of the Property cannot reasonably be expected to be substantially completed within nine (9) months of the occurrence of the casualty, then the Project Owner shall, with the consent of the Government [and, if the Construction Loan is outstanding, the Construction Lender,] [and if the Senior Loan is outstanding, the Senior Lender,] [and, if Bonds are then Outstanding, the consent of Bondholder Representative], in their sole discretion, respectively, in lieu of repairing, rebuilding, or restoring the Project, promptly deposit the Net Proceeds, together with an amount equal to the deductible payable under the insurance policy, into [an account designated by the Government, the Construction Lender, if the Construction Loan has not been paid in full] [and] [the Senior Lender, if any part of the Senior Loan is outstanding] [the Redemption Subaccount of the Bond Payment Account held by the Trustee under the Trust Indenture, which amounts shall be used to redeem Bonds in accordance with the Trust Indenture]. [If the Bonds have been fully redeemed, any remaining portion of the Net Proceeds shall be applied to repay the Direct Loan.] [If the [Construction Loan] [and] [Senior Loan] [has] [have] been fully paid, any remaining portion of the Net Proceeds shall be applied to repay the [Senior Loan] [Direct Loan]].

(e) Failure to Complete. In the event that the Project Owner does not complete the repair or restoration of the Project in accordance with the terms set forth above, the Lockbox Agent upon written direction of the Bondholder Representative and the Government shall, thirty (30) days after written notice from the Bondholder Representative and the Government to the Project Owner of such failure and continuance of such failure disburse the moneys in the Insurance and Condemnation Account, for the payment of repair or restoration costs of the Project pursuant to a Disbursement Request submitted by the Bondholder Representative that is in compliance with Section 4.14(c). The Government and the Bondholder Representative may pursue remedies against the Project Owner pursuant to the terms of the Government Lease and the Trust Indenture.

(f) Remaining Proceeds. Any balance of such Net Proceeds remaining in the Insurance and Condemnation Account after application pursuant to Sections 4.14(a) and 4.14(c), shall be transferred into the Lockbox Revenue Account.

(g) Settlement of Condemnations. The Project Owner may settle, compromise, or adjust all takings of title to or the temporary use of the Project under the exercise of the power of eminent domain or otherwise, subject to prior written approval of the Government [the Construction Lender, if the Construction Loan has not been paid in full,] [the Senior Lender, if any part of the Senior Loan is outstanding], and [the Bondholder Representative] as to any takings, alone or in the aggregate, in excess of \$500,000.

Section 4.14. Investment of Funds Held by the Lockbox Agent.

(a) The Lockbox Agent shall invest moneys held in the Accounts (other than the Reinvestment Account) as directed in writing by an Authorized Officer of the Project Owner, and to the fullest extent practicable and reasonable, in Investment Securities which shall mature or be redeemed at the option of the holder two Business Days prior to the dates when the money held in any Account is expected to be

needed. The Lockbox Agent shall invest moneys held in the Reinvestment Account as directed in writing by an authorized representative of the Government. Absent any direction from the Project Owner or Government, as applicable, the Lockbox Agent may invest such applicable moneys in Investment Securities described in clause (g) of the definition of such term in Section 1.01. Notwithstanding the foregoing, upon the occurrence of a Lockbox Event of Default, money held in any Account other than the Reinvestment Account shall be invested in Investment Securities as directed in writing by [the Senior Lender, if the Senior Loan is outstanding] [the Construction Lender, if the Construction Loan is outstanding, but the Senior Loan is not outstanding; Construction Lender and Senior Lender, if the Construction Loan and Senior Loan are both outstanding, and by the Senior Lender, if the Construction Loan has been paid in full, but the Senior Loan is outstanding,] [the Bondholder Representative if there are Bonds Outstanding] or by the Government if [there are no Bonds Outstanding] [neither the Construction Loan or Senior Loan is outstanding.] [The Senior Loan is not outstanding.]

(b) The Investment Securities purchased with moneys held in the Accounts shall be held by the Lockbox Agent and deemed to be part of such Accounts. Earnings on or resulting from the disposition of Investment Securities purchased with moneys held in the Impositions Escrow Account, the Replacement Reserve Account, the Construction Escrow Account and the Operating Reserve Account shall be deposited at least monthly to the Lockbox Revenue Account, and with respect to moneys held in the Debt Service Reserve Accounts, shall be deposited as received from time to time to the Lockbox Revenue Account. Earnings on or resulting from the disposition of Investment Securities purchased with moneys held in any of the other Accounts shall be deposited at least quarterly to each such Account, provided, that such earnings with respect to funds held in the Reinvestment Account shall be owned exclusively by the Government. Any expenses associated with the acquisition or disposition of Investment Securities purchased with moneys held in the Impositions Reserve Account, Replacement Reserve Account, the Construction Escrow Account and the Operating Reserve Account shall be deducted from the Lockbox Revenue Account at least quarterly. Any expenses associated with the acquisition or disposition of Investment Securities purchased with moneys held in any of the other Accounts shall be deducted from such Accounts at least quarterly.

(c) Upon direction in writing from an Authorized Officer of the Project Owner (or the [Construction Lender and Senior Lender] [Senior Lender] [Bondholder Representative] or Government, as applicable), the Lockbox Agent shall sell, or present for redemption, any of the Investment Securities that are part of the Accounts. The Lockbox Agent shall advise each of the Project Owner, the Government, [Construction Lender] and the [Senior Lender] [Bondholder Representative], in writing, on or before the fifteenth day of each calendar month (or such later date as reasonably consented to by the Project Owner and the Government), of all Investment Securities held for the credit of each Account (other than the Reinvestment Account) as of the last day of the preceding calendar month and the value thereof, and shall identify any Investment Securities held for the credit of each Account other than the Reinvestment Account which were purchased, sold or liquidated during the preceding calendar month and the income or loss associated with such action. The Lockbox Agent shall advise the Government, in writing, on or before the fifteenth day of each calendar month (or such later date as reasonably consented to by the Government), of all Investment Securities held for the credit of the Reinvestment Account as of the last day of the preceding calendar month and the value thereof, and shall identify any Investment Securities held for the credit of each

such Account which were purchased, sold or liquidated during the preceding calendar month and the income or loss associated with such action.

(d) Moneys in the Accounts other than the Trapping Account, Tenant Security Deposit Account and Reinvestment Account may be pooled for the purpose of purchasing Investment Securities. Any purchase of Investment Securities may be made by or through the Lockbox Agent or any of its Affiliates.

(e) Notwithstanding the foregoing, the Lockbox Agent shall not be responsible or liable for any losses on investments made by it hereunder or for keeping all Accounts held by it fully invested at all times, its only responsibility being to comply with the investment instructions of the Project Owner, [the Trustee] [the Construction Lender,] [the Senior Lender], the Government or their respective designees, subject to Section 8.02.

(f) The Lockbox Agent may seek confirmation of any funds transfer instructions that it receives from the Project Owner, [Construction Lender,] [Senior Lender] [Trustee] or the Government, whether in writing, by telecopier or otherwise, by telephone call-back to the person(s) identified in Section 9.01. The Lockbox Agent may rely upon the confirmation of anyone purporting to be an identified person. Identified persons and their respective call-back numbers may be changed by providing written notice of such changes to the Lockbox Agent. The changes shall be effective upon receipt of a written acknowledgement from the Lockbox Agent. Each of the Project Owner, [Construction Lender,] [Senior Lender] [Trustee] and the Government agrees that this Section 4.15(f) is commercially reasonable.

(g) The Lockbox Agent and the bank of the designated beneficiary in any transfer of funds relating to the sale or purchase of Investment Securities may rely upon any account number or similar identifying number provided to it by any party hereto to identify (i) the beneficiary designated to receive such funds; (ii) any bank; or (iii) any bank serving as an intermediary in such transfer. The Lockbox Agent may apply funds for any payment order it executes using any such identifying number, even where its use may result in a person other than the designated beneficiary being paid or in a transfer of funds to a bank other than the beneficiary's bank, or a designated intermediary bank.(h) Notwithstanding any of the foregoing, if a [Construction Loan Payment Default] [or] [Senior Loan Payment Default] [as applicable,] [Bond Payment Default] has occurred and is continuing, then the [Construction Lender] [and] [Senior Lender] [Trustee] may at any time deliver to the Lockbox Agent a notice of exclusive control of the Collateral in the Accounts listed in Exhibit D[.]; provided, however, that if the Construction Loan and Senior Loan are both outstanding then the Collateral in such Accounts shall be under the joint control of the Construction Lender and Senior Lender.] Upon receipt of such notice by the Lockbox Agent, (i) the Lockbox Agent shall comply with entitlement orders or instructions originated by the [Construction Lender] [and/or] [Senior Lender] [, as applicable] [Trustee] and (ii) the Lockbox Agent shall cease complying with trading instructions or entitlement orders from, or on behalf of, the Project Owner or an Authorized Officer of the Project Owner as provided in this Section 4.15 with respect to the Collateral in the Accounts listed in Exhibit D, and shall not accept any other entitlement orders or instructions from any other Person with respect to the Collateral in the Accounts listed in Exhibit D except upon written instruction of the [Construction Lender] [and/or] [Senior Lender] [, as applicable] [Trustee]. Upon the cure of any [Construction Loan Payment Default] [or] [Senior Loan Payment Default] [as applicable,] [Bond Payment Default], the [Construction Lender] [and/or] [Senior Lender] [, as applicable] [Trustee] promptly shall notify the

Lockbox Agent and the Government of such cure. So long as this Agreement is in effect, the Lockbox Agent subordinates in favor of the [Construction Lender,] [Senior Lender] [Trustee] and Government any security interest, lien, or right of setoff it may have, now or in the future, against the Collateral in the Accounts listed in Exhibit D.

Section 4.15. Credits to Certain Accounts. Credit and collection of all moneys deposited to the Lockbox Revenue Account and Tenant Security Deposit Account shall be subject to the Lockbox Agent's standard collection and credit procedures for similar deposits received by the Lockbox Agent through other channels. In accordance with such procedures, the Lockbox Agent: (a) will accept for deposit items payable to or endorsed in favor of the Project Owner or the Management Company (or a reasonable variation of the Project Owner's or Management Company's name); (b) will date all undated checks as of the date of receipt; (c) will use the written amount of a check where written and numeric amounts differ; (d) will mark or stamp checks which do not bear the drawer's signature "refer to maker"; (e) will ignore alterations of checks; and (f) will process checks drawn on foreign currencies. The Project Owner shall indemnify and hold the Lockbox Agent harmless against any loss, cost, attorneys' fees, claims, interest expense or suit suffered by the Lockbox Agent and arising out of or in connection with receiving, processing, or depositing checks, drafts, or other payment items pursuant to this Agreement, other than costs and expenses arising out of the Lockbox Agent's gross negligence or willful misconduct. If a payment item is received that is made payable to, or is endorsed to, a payee other than the Project Owner (or a reasonable variation of the Project Owner's name), the Project Owner shall fully and completely cooperate with the Lockbox Agent to effect the prompt credit of the item to Tenant Security Deposit Account, Deposit Bank or the Lockbox Revenue Account. The Project Owner shall provide the Lockbox Agent the name, address, taxpayer identification number and such information as may be reasonably required by the Lockbox Agent at the time of each deposit to the Tenant Security Deposit Account. The Lockbox Agent will maintain a record (microfilm or otherwise) of all items received by it for deposit to the Lockbox Revenue Account or Tenant Security Deposit Account to facilitate reconciliation of the applicable Account. The Lockbox Agent shall, on or before the tenth Business Day of each month, provide to the Project Owner a list separately identifying each payment received by it (including identification of the payor and any other information received by the Lockbox Agent with such payment) pursuant to Sections 4.08 and 5.01 and pursuant to the Control and Sweep Agreement for deposit to the Tenant Security Deposit Account or the Lockbox Revenue Account, as applicable, during the previous calendar month. The Lockbox Agent shall not be liable, however, for any failure to make and/or provide such a record due to clerical error, unexpected film or equipment failure, inability to obtain film or equipment, or otherwise.

Section 4.16. Uncollectible Drafts. The Lockbox Agent shall redeposit once any item deposited into the Lockbox Revenue Account or Tenant Security Deposit Account that is returned for insufficient or uncollected funds. If such item is returned unpaid a second time or if such item is otherwise uncollectible (an "Uncollectible Draft"), including, without limitation, by any "stop payment order" having been applied to such draft, the Lockbox Agent may debit the Lockbox Revenue Account as an Operating Expense for (i) any fees due to the Lockbox Agent or charges incurred by the Lockbox Agent in connection with its collection attempts, and (ii) the amount of such Uncollectible Draft if such amount was credited to the Lockbox Revenue Account or Tenant Security Deposit Account prior to the Lockbox Agent's collection attempts ("Costs of Uncollectible Drafts"). If the balance of the Lockbox Revenue Account is insufficient to fully reimburse the Lockbox Agent for its Costs of Uncollectible Drafts, the Project Owner shall pay such amount promptly to the Lockbox Agent from funds other than Project Receipts.

[Section 4.17. Series B Debt Service Reserve Account. On the Bond Closing Date, a portion of the Bond proceeds in the amount specified in Section 4.01(1) will be deposited in the Series B Debt Service Reserve Account. Project Receipts shall be deposited into the Series B Debt Service Reserve Account as provided in Sections 4.02(b)(vii) and 4.02(c)(viii). The Series B Debt Service Reserve Account will have a maximum balance equal to the Series B Debt Service Reserve Requirement. Disbursements from the Series B Debt Service Reserve Account shall be made by the Lockbox Agent pursuant to a Disbursement Request from the Trustee to the Lockbox Agent with a copy to the Government, the Bondholder Representative and the Project Owner identifying an amount equal to the unfunded portion of one-sixth (1/6) of the semi-annual principal and interest payments and make-whole premium, if any, then due and owing on the Series B Bonds (including any past due amounts), pursuant to Section _____ of the Trust Indenture. The Lockbox Agent shall disburse such amount(s) from the Series B Debt Service Reserve Account to the Trustee for deposit in the Revenue Account. Upon certification from the Trustee to the Lockbox Agent that the Bonds are no longer outstanding, moneys held in the Series B Debt Service Reserve Account shall be transferred to the Lockbox Revenue Account.]

ARTICLE V

COVENANTS OF THE PROJECT OWNER

Section 5.01. Delivery of Lease Payments to Lockbox Agent. Rent payments for Tenants who are active service members will be remitted directly to the Lockbox Agent by the Defense Finance and Accounting Service pursuant to the allotment instructions executed by such Tenants. The Project Owner shall (i) instruct all Tenants who are not active service members to deliver all amounts due under their leases with the Project Owner (whether paid by check or electronic transfer) to the Sweep Account and (ii) instruct the Management Company to deliver all Project Receipts received by it to the Lockbox Agent for deposit into the Lockbox Revenue Account or the Sweep Account, as is most convenient. Moneys held in the Sweep Account shall be transferred as required under the Control and Sweep Agreement to the Lockbox Agent for deposit in the Lockbox Revenue Account. The Lockbox Agent shall provide written notice to the Project Owner of the address to which such deposits, if any, into the Lockbox Revenue Account shall be delivered.

Section 5.02. Annual Project Budgets.

(a) Not fewer than ninety (90) days prior to the commencement of each Fiscal Year, the Project Owner shall submit to the Approving Parties a preliminary Project Budget for the next succeeding Fiscal Year. Each preliminary Project Budget shall include a cash flow statement, an Operating Plan, a Utilities Plan, an Impositions Plan and a Capital Repair and Replacement Plan. Each Project Budget shall be in a form that, or include a separate document which, clearly identifies the predetermined amounts to be transferred by the Lockbox Agent each month. Each Project Budget shall be subject to the approval of the Government [Construction Lender, if the Construction Loan has not been paid in full,] [the Senior Lender] [, if any part of the Senior Loan is outstanding] and [the Bondholder Representative], which approval shall not be unreasonably withheld. Each of the Approving Parties shall notify the Project Owner of their approval of or objection to all or any part of the preliminary Project Budget within sixty (60) days after such party's receipt of the same. If so approved, the Project

Owner shall deliver a copy of the approved Project Budget to the Lockbox Agent at least ten (10) Business Days prior to the first day of the Fiscal Year covered by such budget. An objecting Approving Party shall specify in detail the reasons for any objection. The Project Owner (i) shall correct or modify the objectionable preliminary Project Budget as requested, (ii) shall advise the objecting Approving Party of the Project Owner's refusal or inability to make the requested changes, or (iii) shall advise the objecting Approving Party of alternatives or modifications to the requested changes. If the Project Owner and the objecting Approving Party fail to reach an agreement with respect to any preliminary Project Budget within thirty (30) days after the Project Owner's receipt of notice of such objection, the Project Owner shall notify the Lockbox Agent of such dispute and provide a copy of the approved parts, if any, of the preliminary Project Budget to the Lockbox Agent. Until such time as the objecting Approving Party and the Project Owner have settled their dispute over the preliminary Project Budget in accordance with the dispute resolution provisions of the Government Lease, all transfers and disbursements from the Accounts (other than the Reinvestment Account) which are subject to the budget dispute shall be made pursuant to a Disbursement Request which has been approved in writing by the Government and includes a certification from an Authorized Officer of the Project Owner certifying that the amounts included in the Disbursement Request shall be used for the purposes disclosed. When the dispute is settled, the Project Owner shall notify the Lockbox Agent of the settlement and provide a copy of the approved Project Budget to the Lockbox Agent. In the event of any dispute about the Project Budget [between] [among] the Government [, the Construction Lender] and [the Bondholder Representative] [the Senior Lender] that cannot be settled [between] [among] them, the Government's position shall govern, provided, however, that no [Construction Loan Payment Default] [or] [Senior Loan Payment Default] [Bond Documents Event of Default Trap Event] which is a default in the payment of any interest or principal on [the Construction Loan or] [Senior Loan] [any Bond] exists and is continuing, in which case the position of [the Construction Lender or] [Senior Lender] [, as applicable,] [the Bondholder Representative] shall govern unless an Event of Default also exists under the Government Lease, in which case such dispute shall be subject to the dispute resolution procedures set forth in Condition 23 of the Government Lease.

(b) If during any Fiscal Year the Project Owner, the Government [, Construction Lender] and [Senior Lender] [the Bondholder Representative] collectively determine (a) that any line item component of the Project Budget is materially overstated, or (b) there shall be a demonstrated savings with regard to such line item component which can be ascertained as a result either that (x) all work covered by such line item component having been completed satisfactorily and paid for in full or (y) the contract(s) relating to such line item components call for a fixed price which is lower than such line item component, then the Project Budget shall be amended by the Project Owner to (i) reduce the line item component by the agreed amount of such overstatement or demonstrated savings, and (ii) at the Project Owner's option, reallocate all or a portion of such agreed amount to one or more other line item components included in the Project Budget, so long as the overall amount of the Project Budget is not increased. If the Project Owner, the Government, [, Construction Lender] and [Senior Lender] [the Bondholder Representative] collectively determine that any line item component of the Project Budget is materially understated, the Project Budget shall be amended by the Project Owner to increase the line item component to the agreed amount. Approvals and decisions by the Project Owner, the Government [, Construction Lender] and [Senior Lender] [the Bondholder Representative] regarding line item allocations of the Project Budget shall be made in a commercially reasonable manner. The Project Owner shall provide to the Lockbox Agent a copy of the Project Budget, as amended pursuant

to this Section 5.02(b), once it has been approved by, the Government [, Construction Lender] and [Senior Lender] [the Bondholder Representative].

(c) If the preliminary Project Budget for any Fiscal Year that begins at least twelve months after the Completion Date does not provide for Project Receipts equal to at least 120% of the required debt service on the [Senior Loan] [Bonds] for such year after both (1) payment of all Operating Expenses and (2) the required funding of the Impositions Reserve Account and the Replacement Reserve Account, then the Project Owner, upon request of the Approving Parties, shall engage a consultant, approved by the Approving Parties, to conduct a study and recommend actions that will provide sufficient Project Receipts, after payment of (1) and (2) above in the next Fiscal Year, equal to at least 120% of the annual debt service on the [Senior Loan] [Bonds]. A copy of such study and recommendations shall be delivered to the Approving Parties, and the Project Owner shall implement such recommendations as are reasonably requested by the Approving Parties. Notwithstanding anything to the contrary in this Agreement, in no event shall the Operating Expenses set forth in any Project Budget be less than the amounts reasonably determined to be necessary for the Project Owner to first, pay scheduled debt service due on the Bonds during the Fiscal Year to which such Project Budget relates, and second, to operate and maintain the Project in accordance with the standards required under the Government Lease and the Capital Repair and Replacement Plan, as applicable.

Section 5.03. Annual Audit. So long as [the Construction Loan or] [the Senior Loan] [the Bonds] [or] [the Direct Loan] are outstanding, the Project Owner covenants and agrees to cause an annual audit of the operation of the Property to be prepared by a firm of certified public accountants using GAAP within ninety (90) days of the conclusion of each Fiscal Year and shall deliver such audit to the Government, the Lockbox Agent, and, [if the Construction Loan is then outstanding, the Construction Lender, and] [if the Senior Loan is then outstanding, the Senior Lender.] [if the Bonds are then Outstanding, the Trustee and the Bondholder Representative.] The Project Owner shall reconcile the Quarterly Reconciliation Statements for such Fiscal Year with the annual audit not later than the last day of the month in which the annual audit is delivered. Promptly thereafter, the Project Owner shall submit a Disbursement Request to the Lockbox Agent instructing the Lockbox Agent to transfer an amount equal to any surplus funds identified in such reconciliation from the Base Operating Accounts to the Lockbox Revenue Account. If the reconciliation identifies a shortfall, then the Project Owner promptly shall submit a Disbursement Request to the Lockbox Agent instructing the Lockbox Agent to transfer an amount equal to such shortfall from the Lockbox Revenue Account to the Base Operating Accounts.

Section 5.04. Appointment of Lockbox Agent as Attorney-in-Fact to Collect Project Receipts. The Project Owner hereby appoints the Lockbox Agent as its true and lawful attorney-in-fact with full power of substitution to receive the Project Receipts with the full power to endorse the name of the Project Owner upon any notes, checks, acceptances, drafts, money orders, instruments, and documents relating to the Project Receipts, proceeds from rental loss insurance, and Tenant security deposits and to effect the deposit and collection thereof and to do any and all things necessary to take such action in the name and on behalf of the Project Owner to carry out the intent of this Agreement. The Project Owner agrees that neither the Lockbox Agent nor any of its agents, designees, or attorneys-in-fact shall be liable for any acts or omissions or for any error in judgment or mistake of fact or law in respect to the exercise of this power of attorney, except for the gross negligence or willful misconduct of the

Lockbox Agent or its employees or agents. This power of attorney is coupled with an interest and shall be irrevocable during the term of this Agreement.

Section 5.05. Project Owner to Provide Access to Property and Books. The Government, [the Bondholder Representative, the Trustee,] [the Construction Lender,] [the Senior Lender,] the Lockbox Agent, and their respective duly designated agents and representatives shall be provided such access to the Property and the books and records thereof by the Project Owner (such access to be during business hours and to be upon reasonable advance written notice) as shall be reasonably necessary to permit the Government, [the Bondholder Representative, the Trustee,] [the Construction Lender,] [the Senior Lender,] the Lockbox Agent, and their respective duly Authorized Officers to take all necessary action to assure the compliance by the Project Owner with the terms and conditions of this Agreement.

Section 5.06. Project Owner to Provide Information. The Project Owner shall comply with all reasonable requests by the Government, [the Bondholder Representative, the Trustee] [the Construction Lender,] [the Senior Lender,] or the Lockbox Agent or their respective duly designated agents or representatives for information relating the operation of the Property by providing such information to the requesting party in a timely matter.

Section 5.07. Project Owner Remains Liable. None of the Government, [the Bondholder Representative, the Trustee] [the Construction Lender,] [the Senior Lender,] or the Lockbox Agent shall, by reason of this Agreement, have any obligation or liability under the Occupancy Leases, nor shall the Government, [the Bondholder Representative, the Trustee,] [the Construction Lender,] [the Senior Lender,] or the Lockbox Agent be obligated to perform any of the obligations or duties of the Project Owner thereunder, all of which shall remain the sole obligations of the Project Owner.

Section 5.08. Procedures in the Event of Base Closure Announcement.

(a) In the event of a Base Closure Announcement, the Government shall promptly deliver to the Project Owner, [Bondholder Representative, Trustee] [Construction Lender, if the Construction Loan has not been paid in full,] [the Senior Lender] and Lockbox Agent a notice of the Base Closure Announcement and the Project Owner, with the consent of [the Construction Lender, if the Construction Loan has not been paid in full,] [the Senior Lender] [the Bondholder Representative] and the Government, shall retain the Transition Consultant (which also shall be approved by the Government[, the Construction Lender, if the Construction Loan has not been paid in full and] [the Senior Lender] and [the Bondholder Representative]) to prepare the Transition Plan for the Project. Such Transition Plan shall include recommendations for the future use of the Project Site (for military housing, non-military housing or other uses), and upon review and approval of the Transition Plan by the Project Owner, [the Construction Lender, if the Construction Loan has not been paid in full,] [the Senior Lender] [the Bondholder Representative] and the Government, including any requested changes to such Transition Plan, the Transition Plan shall be submitted to the rating agencies then rating the Outstanding Bonds. Such Transition Plan shall be adopted by the Project Owner, Government [the Construction Lender, if the Construction Loan has not been paid in full,] and the [the Senior Lender] [Bondholder Representative] [provided that the rating agencies then rating the Bonds Outstanding shall deliver to the Trustee a written confirmation that implementation of such Transition Plan will not result in the downgrade, withdrawal or negative qualification by such rating agencies of the then-current ratings on the Bonds Outstanding]. The Transition Plan may modify the use of the funds in the

Operating Reserve Account and the Repair and Replacement Account, and also may modify Sections 4.02(b) and 4.02(c) to reflect such modifications. Such modifications must be approved by the Project Owner, [and Construction Lender, if the Construction Loan has not been paid in full,] [the Senior Lender] [the Bondholder Representative] [and] the Government before they are implemented. The Transition Consultant shall be an experienced and qualified real estate consultant that is unaffiliated with the Project Owner, [Bondholder Representative] [Construction Lender, if the Construction Loan has not been paid in full,] [the Senior Lender] and the Government. The Transition Consultant's expenses shall be paid from the Base Operating Accounts.

(b) Following the delivery to the Project Owner, [Bondholder Representative, Trustee] [Construction Lender, if the Construction Loan has not been paid in full,] [the Senior Loan] and Lockbox Agent of a Base Closure Announcement, the Government, [Bondholder Representative] [Construction Lender, if the Construction Loan has not been paid in full,] [the Senior Loan] and Project Owner shall negotiate in good faith with one another to agree upon any amendments to this Lockbox Agreement necessitated by the Base Closure Announcement, and the Project Owner shall have the right to purchase the Project Site subject to the terms and conditions set forth in Condition 34 of the Government Lease.

ARTICLE VI

LOCKBOX AGENT DEFAULTS AND REMEDIES

Section 6.01. Lockbox Agent Defaults. For purposes of this Agreement, each of the following events shall be a Lockbox Agent Default:

(a) failure by the Lockbox Agent to disburse any money on the date and in the manner required by Article IV, subject, without limitation, to the terms of Section 4.16 and Section 9.11;

(b) default in the performance or observance of any of the other duties, obligations, covenants, or agreements of the Lockbox Agent hereunder (other than as set forth in subsection (a) of this Section 6.01) that continues for thirty (30) days following notice of such default to the Lockbox Agent from [the Trustee,] [the Construction Lender,] [the Senior Lender,] the Government, or the Project Owner; provided, however, that if such default is not reasonably susceptible of cure within such thirty (30)-day period but the Lockbox Agent has commenced action to cure such default within such thirty (30)-day period, the Lockbox Agent shall not be in default so long as it diligently prosecutes such cure to completion within a reasonable time thereafter, but in no event beyond ninety (90) days after the date of such notice;

(c) a case or proceeding is commenced against the Lockbox Agent (i) seeking a decree or order in respect of the Lockbox Agent under any applicable federal, state, or foreign bankruptcy or other similar law, (ii) seeking the appointment of a custodian, receiver, liquidator, assignee, trustee, or sequestrator (or similar official) for the Lockbox Agent or of any substantial part of its assets, or (iii) seeking the winding-up or liquidation of the affairs of the Lockbox Agent and any such case or proceeding remains undismissed, unstayed, unbonded, or undischarged for a period of sixty (60) days;

(d) the Lockbox Agent (i) files a petition seeking relief under any applicable federal, state, or foreign bankruptcy or other similar law, (ii) consents to the institution of proceedings under any

applicable federal, state, or foreign bankruptcy or similar law or to the liquidator, assignee, trustee, or sequestrator (or similar official) of the Lockbox Agent or of any substantial part of its assets, (iii) makes a general assignment for the benefit of its creditors, (iv) takes any action to authorize any of the foregoing, or (v) admits in writing its inability, or shall be generally unable, to pay its debts as such debts become due; or

(e) except as permitted by Sections 8.04 and 8.07, the Lockbox Agent shall, in any manner (voluntarily, by operation of law, or otherwise), assign, hypothecate, pledge, transfer, permit, or suffer the creation of a lien on or security interest in the Accounts, the Account Funds or any right or interest therein, or shall accept instructions from any Person other than [the Construction Lender,] [the Senior Lender,] [the Trustee], the Project Owner[, the Bondholder Representative] or the Government with respect to this Agreement, [the Trust Indenture,] the Accounts, the Account Funds held in any Account, or any right or interest therein, or any rights of the Project Owner, [Trustee] [Construction Lender,] [Senior Lender] or Government hereunder.

Section 6.02. Remedies for Lockbox Agent Defaults. Upon the occurrence and during the continuance of a Lockbox Agent Default:

(a) the Project Owner may, and at the request of [either of] [any of] the Government [, the Construction Lender] or [the Bondholder Representative] [the Senior Lender] shall, remove the Lockbox Agent by giving thirty (30) days written notice as provided in Section 9.01, provided, however, that in connection with any such removal of the Lockbox Agent pursuant to this Section 6.02 (and notwithstanding the requirements of Section 8.06), the removing Person, whether the Project Owner, the Government [, the Construction Lender] or [the Senior Lender] [the Bondholder Representative], shall have the right to immediately appoint a Person reasonably acceptable to the Project Owner, the Government [, the Construction Lender] and [the Senior Lender] [the Bondholder Representative] to act as Lockbox Agent on an interim basis until such time as a successor Lockbox Agent has been appointed in accordance with Section 8.06; and

(b) regardless of whether the Lockbox Agent has been removed in accordance with Section 8.06, but subject to Section 8.03, [the Trustee, the Bondholder Representative,] [the Construction Lender,] [the Senior Lender,] the Government, and/or the Project Owner may take whatever action at law or in equity may appear necessary or desirable to enforce any provision of this Agreement and for any actual damages suffered as a result of such Lockbox Agent Default and may offset any Fees and Expenses otherwise due to the removed Lockbox Agent against such actual damages.

Section 6.03 Limitations on Lockbox Agent Liability. The Lockbox Agent shall be liable under this Agreement only for obligations specifically imposed upon the Lockbox Agent herein. Such liability shall be limited by the terms and conditions specified in Section 8.01 pursuant to which the Lockbox Agent accepted its duties and obligations hereunder.

Section 6.04 No Effect on Other Remedies. Except as otherwise provided in Section 6.03, nothing contained herein shall in any way prohibit any Person from exercising any rights and remedies available to it hereunder, under any of the other Project Documents or [Bond Documents,] [the Construction Loan Documents,] [the Senior Loan Documents] [, Government Loan Documents] or by operation of law.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Lockbox Events of Default.

For purposes of this Agreement, each of the following events shall be a Lockbox Event of Default:

(i) failure of the Project Owner or the Management Company to deposit or cause to be deposited Project Receipts with the Lockbox Agent as and when required by this Agreement;

(ii) default in the performance or observance of any other of the covenants, obligations, agreements, or conditions by any party hereto to be kept, observed, and performed under this Agreement and continuation of such default after written notice thereof to the defaulting party by another party hereto for a period of thirty (30) days or any other applicable grace and/or cure period; and

(iii) any material representation made hereunder shall be false or misleading in any material respect when made by such party.

Section 7.02. Remedy on Default. Upon the happening and continuance of a Lockbox Event of Default, the Government shall notify the Lockbox Agent, Project Owner, [Trustee and Bondholder Representative] [and] [the Construction Lender] [and] [Senior Lender] and upon receipt of such notice, Sections 4.02(b)(xxvi) and 4.02(c)(xxviii) shall apply, and any party hereto may proceed to protect and enforce its rights hereunder by such of the following remedies as such party shall deem most effective:

(a) by mandamus or other suit, action, or proceeding at law or in equity, to enforce the deposit of Project Receipts to the Lockbox Revenue Account; and

(b) take whatever action at law or in equity, including with respect to the Collateral that may appear necessary or desirable to enforce any covenant, obligation, or agreement of the defaulting party.

Section 7.03. Limitation on Waivers.

(a) No delay or omission to exercise any right or remedy available upon the happening and continuance of any Lockbox Event of Default shall impair any such right or remedy or shall be construed to be a waiver thereof, but any such right and remedy may be exercised from time to time and as often as may be deemed appropriate.

(b) In the event any covenant, agreement, or condition contained in this Agreement shall be breached by a party and thereafter waived by another party, such waiver shall not bind any party which has not waived the breach and shall be limited to the particular breach so waived and shall not constitute a waiver of the same breach on a future occasion.

Section 7.04. Right to Cure. Each of the Government, [the Construction Lender and] [the Senior Lender] [the Bondholder Representative, the Trustee,] and the Lockbox Agent shall have the right, but

not the obligation, to cure any Lockbox Event of Default of the Project Owner (and, in the case of the Government, subject, if required, to the receipt of an additional appropriation of funds or legislative authority). If any one of the Government, [the Construction Lender,] [the Senior Lender] [the Bondholder Representative], the Trustee, and/or the Lockbox Agent cures a Lockbox Event of Default, such party shall have the right to repayment from the Project Owner of money expended on the Project Owner's behalf and any other appropriate redress for actions it has taken to cure any Lockbox Event of Default by the Project Owner.

Section 7.05. Rights Cumulative. All rights and remedies given or granted to any party hereunder are cumulative, nonexclusive, and are in addition to any and all rights and remedies that such party may have by reason of any law, statute, ordinance, or otherwise.

Section 7.06. No Effect on Other Remedies. Nothing contained herein shall in any way prohibit the Project Owner, the Government, [the Construction Lender,] [the Senior Lender] [the Bondholder Representative, the Trustee], or the Lockbox Agent from exercising any remedy available to it either under any other Transaction Document, or by operation of law.

ARTICLE VIII

APPOINTMENT OF THE LOCKBOX AGENT AND ACCEPTANCE OF DUTIES

Section 8.01. Appointment of Lockbox Agent. The Lockbox Agent is hereby appointed by the Project Owner and the Government, as the initial Lockbox Agent, which appointment the Lockbox Agent hereby accepts. The Lockbox Agent shall establish and maintain the Accounts and Subaccounts in accordance with the terms of this Agreement and shall accept all cash, cash equivalents, instruments, investments, and other securities to be delivered to or held by the Lockbox Agent pursuant to the terms of this Agreement, and from such cash, cash equivalents, instruments, investments, and other securities, shall make the deposits, releases, and transfers contemplated by this Agreement as and when specified in accordance with the terms hereof. The Account Funds held in the Accounts (other than the Reinvestment Account) and Subaccounts are Collateral securing the respective obligations of the Project Owner under the Bond Documents and the Project Documents, and are to be held by the Lockbox Agent in trust in accordance with the provisions hereof.

Section 8.02. Acceptance of Duties. The Lockbox Agent hereby agrees to perform the trusts imposed upon it by this Agreement, but only upon and subject to the following express terms and conditions:

(a) Prior to the occurrence of a Lockbox Event of Default of which it has or is deemed to have notice hereunder, and after the curing or waiver of any Lockbox Event of Default which may have occurred:

(i) the Lockbox Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and the Lockbox Agent shall have no obligation to perform any duty hereunder which requires information from another party to this Agreement until the Lockbox Agent receives such information and no implied covenants or obligations shall be read into this Agreement against the Lockbox Agent; and

(ii) in the absence of bad faith on its part, the Lockbox Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Lockbox Agent that conform to the requirements of this Agreement; but the Lockbox Agent is under a duty to examine such certificates and opinions to determine whether they conform to the requirements of this Agreement and may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(b) In case a Lockbox Event of Default of which the Lockbox Agent has or is deemed to have notice hereunder has occurred and is continuing, the Lockbox Agent shall exercise such of the rights and powers vested in it by this Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use in the conduct of such person's own affairs.

(c) No provision of this Lockbox Agreement shall be construed to relieve the Lockbox Agent from liability for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct, except that:

(i) the Lockbox Agent is not liable for any error or judgment made in good faith by an officer or other employee, unless it is proven that the Lockbox Agent was grossly negligent in ascertaining the pertinent facts;

(ii) the Lockbox Agent is not liable with respect to any action it takes or omits to be taken by it in good faith in accordance with the direction of an Authorized Officer under any provision of this Lockbox Agreement relating to the time, method and place of conducting any proceeding for any remedy available to the Lockbox Agent, or exercising any trust or power conferred upon the Lockbox Agent under this Agreement; and

(iii) no provision of this Lockbox Agreement shall require the Lockbox Agent to expend or risk its own funds or otherwise incur any liability in the performance of any of its duties hereunder.

(d) The Lockbox Agent's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Agreement shall extend to the Lockbox Agent's officers, directors, agents, attorneys, employees and Affiliates. Such immunities and protections and right to indemnification, together with the Lockbox Agent's right to compensation, shall survive the Lockbox Agent's resignation or removal, the defeasance or discharge of this Agreement and final payment of the Bonds.

(e) The Lockbox Agent agrees to establish and maintain the Accounts and Subaccounts, and accept, hold, and disburse the Account Funds in accordance with the terms of this Agreement, and shall maintain accurate records of the Accounts and Subaccounts.

(f) The Lockbox Agent may execute and perform any of its duties or powers hereunder by or through attorneys, agents, receivers, or employees, but shall be answerable for the conduct of the same in accordance with the standard specified below. The Lockbox Agent may rely and act upon the opinion or advice of any attorneys (who may be the attorney or attorneys for the Project Owner, [the Construction Lender,] [the Senior Lender,] [the Trustee, the Bondholder Representative], the Government or the Lockbox Agent). The Lockbox Agent shall not be responsible for any loss or

damage resulting from any action or non-action taken in good faith in reliance upon such opinion or advice. The Lockbox Agent assumes no responsibility for the correctness of such opinion or advice, nor makes any representations as to the validity or sufficiency thereof, nor shall it incur any responsibility in respect hereof, other than in connection with the duties or obligations herein assigned to or imposed upon it. The Lockbox Agent shall not be responsible for any acts required to be performed by any Person other than the Lockbox Agent.

(g) The Lockbox Agent shall have no liability in connection with the performance of its duties hereunder, except as provided in Section 8.02(c).

(h) The Lockbox Agent may act upon any notice, request, consent, certificate, order, affidavit, letter, telegram, or other paper or document reasonably believed to be genuine and correct and to have been signed or sent by the proper Authorized Officer and it shall not be answerable for doing so for other than its gross negligence or willful misconduct. The Lockbox Agent shall not withhold unreasonably its consent, approval, or action to any reasonable request of the Government, [the Bondholder Representative, the Trustee,] [the Construction Lender,] [the Senior Lender] or the Project Owner made in accordance with provisions of this Agreement.

(i) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper, or proceeding, the Lockbox Agent may rely upon a certificate signed by an Authorized Officer of the Government, [the Trustee, the Bondholder Representative] [the Construction Lender,] [the Senior Lender] or the Project Owner, as the case may be, as sufficient evidence of the facts therein contained and may, at its discretion, secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(j) The permissive right of the Lockbox Agent to do things enumerated in this Agreement shall not be construed as a duty or obligation, and it shall be answerable for its gross negligence or willful misconduct.

(k) The Lockbox Agent shall not be required to take notice or be deemed to have notice of any Lockbox Event of Default hereunder, unless a Responsible Officer of the Lockbox Agent shall be specifically notified in writing pursuant to Section 9.01 of such default by the Project Owner, the Government, [the Construction Lender] or [the Trustee] [the Senior Lender], and all notices or other instruments required by this Agreement to be delivered to the Lockbox Agent must, in order to be effective, be delivered as set forth in Section 9.01; provided, however, that if the deposits being made by the Project Owner to the Lockbox Revenue Account, or amounts deposited therein from the Sweep Account, are materially different from the projected deposits contained in the Project Budget, the Lockbox Agent shall have a duty to inquire as to the discrepancy and shall notify the Government and the Trustee of the discrepancy.

(l) The Lockbox Agent shall not be required to give any bond or surety in respect of the execution of its duties and powers hereunder or otherwise in respect of the Accounts.

(m) All Project Receipts received by the Lockbox Agent shall be held in trust as provided in this Agreement for the purposes for which it was received and need not be segregated from other funds except as provided in Section 4.15(d) or otherwise required by law, and further provided that Accounts

are to be segregated as identified in this Agreement, and identified as belonging to the Project Owner or Government, as applicable, and pledged as security for the [Bonds,] [the Construction Loan] [,] [and] [the Senior Loan] [and the Direct Loan] if applicable.

Section 8.03. Compensation, Expenses and Indemnification of Lockbox Agent.

(a) The Lockbox Agent shall be entitled to compensation for all services rendered by it in the execution of the trusts herein created and in its exercise and performance of any of the powers and duties accepted by it hereunder; provided that such compensation shall not exceed the customary Fees and Expenses charged by the Lockbox Agent for providing such services and a schedule of such Fees and Expenses shall be provided to the parties on or before December 1 of each calendar year. If the Lockbox Agent is also the [Trustee under the Trust Indenture,] [the Construction Lender] [the Senior Lender] then the Lockbox Agent shall not receive any additional compensation for performance of its duties under this Agreement unless this Agreement extends beyond the term of the [Trust Indenture] [the Construction Loan or] [the Senior Loan]. In such event, the Lockbox Agent shall present a fee notice to the Project Owner and the Government for their approval.

(b) Each of the Project Owner and the Lockbox Agent acknowledges and agrees that the Project Owner solely shall be liable to the Lockbox Agent for the Fees and Expenses of the Lockbox Agent. The Fees and Expenses of the Lockbox Agent shall be paid pursuant to Sections 4.02(b) and 4.02(c) and if funds are not available to pay such Fees and Expenses, then the Project Owner shall remain liable for such Fees and Expenses.

(c) The Lockbox Agent shall be indemnified by the Project Owner for, and held harmless against, any loss, liability, expense or advance incurred or made without gross negligence or willful misconduct on the part of the Lockbox Agent, arising out of or in connection with the acceptance and performance of its powers and duties under this Agreement, including the costs and expenses of defending itself against any claim or liability in connection with the Project, the Project Receipts, and any Accounts or Subaccounts.

Section 8.04. Successor Lockbox Agent. Any company, state bank or national banking association into which the Lockbox Agent may be merged or converted, or with which it may be consolidated, or any company, state bank or national banking association resulting from any merger, conversion or consolidation to which the Lockbox Agent is a party, or any company or national banking association to which the Lockbox Agent sells or transfers all or substantially all of its business (provided any such company or national banking association shall be a company organized under the laws of any state of the United States or a national banking association and shall be eligible to perform all of the duties accepted by the Lockbox Agent in this Agreement) shall be the successor to the Lockbox Agent without the execution or filing of any paper or the performance of any further act. The Lockbox Agent shall notify all other parties hereto, [as well as the Bondholder Representative,] [the Construction Lender] [and the Senior Lender], of any such merger, conversion or consolidation within thirty (30) days of its occurrence.

Section 8.05. Resignation by Lockbox Agent. The Lockbox Agent and any successor Lockbox Agent may at any time resign as Lockbox Agent by giving thirty (30) days written notice to the Government, the Trustee and the Project Owner as provided in Section 9.01. Such resignation shall

take effect only upon the appointment of a successor Lockbox Agent. A successor Lockbox Agent shall be appointed by the Project Owner with the approval of the Government[, the Construction Lender] [and the Senior Lender] [and the Bondholder Representative]; provided, however, if the Project Owner is in default hereunder, then the successor Lockbox Agent shall be appointed by the Government with the consent of [the Construction Lender] [and the Senior Lender] [the Bondholder Representative]. If an instrument of acceptance by a successor Lockbox Agent is not delivered to the resigning Lockbox Agent within thirty (30) days after it gives its notice of resignation, the resigning Lockbox Agent may petition any court of competent jurisdiction for the appointment of a successor Lockbox Agent.

Section 8.06. Removal of Lockbox Agent.

(a) The Government, the Project Owner, [and] [the Trustee (if the institution then serving as Trustee is not also serving as the Lockbox Agent) and the Bondholder Representative], [the Construction Lender (if the institution then serving as Construction Lender is not also serving as Lockbox Agent) and] [the Senior Lender (if the institution serving as Senior Lender is not also serving as the Lockbox Agent)] together, may remove the Lockbox Agent at any time by giving thirty (30) days written notice as provided in Section 9.01[; provided, however, that if the Lockbox Agent is also the [Trustee] [Construction Lender or] [Senior Lender], the Lockbox Agent shall not be removed unless a Lockbox Agent Default exists.] Should any of the Government, the Project Owner, the [Construction Lender] [Trustee] (if the institution then serving as [Construction Lender or] [Senior Lender] [Trustee] is not also serving as the Lockbox Agent) [Senior Lender] or [the Bondholder Representative] fail to agree on the removal of the Lockbox Agent, any one of them may petition a court of competent jurisdiction for the appointment of a successor Lockbox Agent. A successor Lockbox Agent shall be appointed by the Project Owner with the approval of the Government; provided, however, if a Lockbox Event of Default by the Project Owner exists, then the successor Lockbox Agent shall be appointed by the Government with the consent of the [Bondholder Representative] [Construction Lender and] [Senior Lender].

(b) Any removal of the Lockbox Agent and appointment of a successor Lockbox Agent shall become effective upon delivery by the successor Lockbox Agent of an instrument of acceptance of appointment to all parties. The Lockbox Agent being removed shall be entitled to payment of all of its Fees and Expenses up to the effective date of its termination. If no successor Lockbox Agent delivers an instrument of acceptance of appointment to the parties within forty-five (45) days of the date of the notice of removal, any of the removed Lockbox Agent, the Government, the [Trustee] [Construction Lender] [or] [Senior Lender] (if the institution then serving as [Trustee] [Construction Lender] [or] [Senior Lender] is not also serving as the Lockbox Agent) [or the Bondholder Representative] may petition a court of competent jurisdiction for the appointment of a successor Lockbox Agent.

(c) Upon appointment of a successor Lockbox Agent pursuant to Sections 8.05 or 8.06, the Accounts and Subaccounts shall be transferred from the Lockbox Agent to the successor Lockbox Agent within ten (10) business days.

Section 8.07. Concerning Any Successor Lockbox Agent. Each successor Lockbox Agent appointed hereunder shall execute, acknowledge, and deliver to its predecessor and also to the Project Owner, the Government, [the Construction Lender] and [the Trustee] [the Senior Lender] a written

instrument accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all the rights, powers, trusts, duties, and obligations of the Lockbox Agent hereunder. Each predecessor Lockbox Agent shall, upon receipt of payment in full of its outstanding Fees and Expenses, deliver all moneys and Investment Securities in the Accounts and Subaccounts to its successor.

Section 8.08. Lockbox Agent Books, Records, and Reports.

(a) The Lockbox Agent shall keep and maintain accurate, true and complete books, records, and reports of the Accounts.

(b) All books, records and reports relating to the Accounts shall be kept at the Lockbox Agent's principal office in _____, _____ or at such other place as the Government, [the Trustee, the Bondholder Representative] [the Construction Lender,] [the Senior Lender] and the Lockbox Agent agree upon in writing. The books and records shall be available to the parties [and the Bondholder Representative] and their respective representatives for examination, audit, inspection, copying and transcription, at the sole expense of the Lockbox Agent, which shall be deemed Expenses.

(c) The Lockbox Agent shall deliver to [the Trustee, Bondholder Representative,] [the Construction Lender,] [the Senior Lender,] Government and the Project Owner, upon such schedule as the Government[, the Construction Lender] and [the Senior Lender] [the Trustee] may establish from time to time, and in such media, including items regularly maintained in electronic media, as the Government and the Trustee shall select, all information and supporting documentation which:

- (i) the Lockbox Agent has maintained;
- (ii) the Government [, the Construction Lender] and [the Senior Lender] [the Trustee] deem necessary to assure compliance with the terms and conditions of this Agreement;
- (iii) the Government is required to submit to any governmental or nongovernmental agency;
- (iv) the Government [, the Construction Lender] and [the Senior Lender] the Trustee need to assess the financial condition, performance, occupancy, physical condition, maintenance, and operational status of the Property.

(d) Such items shall (i) be in a form satisfactory to the Government[, the Construction Lender] and [the Senior Lender] [the Trustee]; (ii) be certified to the Government, [the Construction Lender,] [the Senior Lender] [the Trustee, the Bondholder Representative] and the Project Owner as true, complete, and accurate by the Lockbox Agent; (iii) be taken from the books and records maintained by the Lockbox Agent as aforesaid.

(e) Upon the written request of any party to this Agreement, the Lockbox Agent shall provide, at the expense of the requesting party, to such party or its duly authorized agents and representatives, all documentation and information needed to confirm compliance by the Lockbox Agent with the terms and conditions of this Agreement.

(f) In addition to any other reports or documents referenced elsewhere in this Agreement, the Lockbox Agent shall provide the books, records, and reports listed below to the [Trustee, the Bondholder Representative,] [the Construction Lender,] [the Senior Lender] the Government, and the Project Owner. Unless otherwise stated, such documentation shall be provided as of the last day of the reporting period, and delivered to such Persons no more than thirty (30) days after the end of each calendar quarter.

(i) **Cash Flow Summary.** A monthly detailed cash flow summary as of the last day of each calendar month no more than ten (10) Business Days after the end of each calendar month that reflects the receipt, allocation and distribution of all Project Receipts during such month, consistent with Sections 4.02, 4.08 and 4.16. This summary shall include (i) both the amount and calculation of each allocation to and distribution from each Account and (ii) a schedule disclosing the amount and date of receipt of rent and other payments made pursuant to Section 5.01. Amounts that are pre-calculated, such as debt service payments on the Bonds, need not be calculated (but shall simply reference that fact).

(ii) **Account Balances.** A summary of each Account, which includes the balance on the first day of each month, deposits and withdrawals and the ending balance on the last day of each month for each Account.

(iii) **Securities, Cash, Money Market Funds.** In addition to the information required to be provided under 4.15(c), a summary listing of the Investment Securities, cash and money market funds that comprise the Accounts, as well as uninvested amounts (cash or money market funds), as of the last day of each calendar quarter, such that the sum of such items for each Account matches the Account balance on that date.

(iv) **Lockbox Agent Fees.** An invoice for its Fees and Expenses, if any, related to this Agreement charged during the preceding calendar quarter.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Notices. All notices, requests and other communications to any party to this Agreement shall be in writing (including bank wire, telex or similar writing), and sent to the following addresses, each such address being that party's principal place of business for purposes of this Agreement:

If to the Government:

Department of the Air Force
Deputy Assistant Secretary of the Air Force
(Installations)
1665 Air Force Pentagon
Washington, DC 20330-1665
**(all notices, requests and other communications
to any party except for financial records and
reports)**

with copies to:

Department of the Air Force
Office of the General Counsel
Deputy General Counsel
(Installations and Environment)
1740 Air Force Pentagon
Washington, DC 20330-1740
**(all notices, requests and other communications
to any party except for financial records and
reports)**

and

HQ AFCEE/HDP
Portfolio Management
2735 Louis Bauer Drive
Brooks City-Base, TX 78235-5133
**(all notices, requests and other communications
to any party and financial records and reports)**

and

_____, Asset Manager
_____th Civil Engineering Squadron
[Street Address]
Basename AFB, Basestate

and

If to the [Trustee] [Construction Lender]:

Attention: _____

If to the [Bondholder Representative]
[Senior Lender]:

Attention: _____

If to the Project Owner:

Attention: _____

with copies to:

Attention: _____

If to the Lockbox Agent:

Attention: _____

[If to Project Owner's Members:

_____]

Any party may change the address to which subsequent notices to such party shall be sent, by notice to the other parties, delivered by hand or sent by telex or facsimile or registered first-class mail, postage prepaid. Each such notice, request, or other communication shall be effective when delivered by hand or received by telex or facsimile or registered first-class mail, postage prepaid. [Notice of any Lockbox Event of Default or Lockbox Agent Default shall also be sent to the Project Owner's Members.] The Government shall be required to give notice of any event of default under [the Government Loan Documents,] [the Government Documents] [or] Project Documents to which it is a party to the Lockbox Agent[, the Trustee and the Bondholder Representative] [, the Construction Lender] [and the Senior Lender] pursuant to the terms of such document. The [Senior Lender] [Bondholder Representative and the Trustee] shall be required to give notice of any event of default under any [Bond Document] [Senior Loan Document] to which it is a party to the Lockbox Agent and the Government pursuant to the terms of such document. [The Construction Lender shall be required to give notice of any default under the Construction Loan Documents to which it is a party to the Lockbox Agreement, the Senior Lender and Government pursuant to the terms of such document.]

Section 9.02. Amendments. No amendment to this Agreement shall be binding upon any party until such amendment is executed by each of the parties hereto; provided, however, that Exhibit C may be amended or substituted pursuant to a change in the Targeted Occupancy agreed to by the parties, and provided further that the Trustee shall not agree to such amendment or substitution without first receiving a written confirmation from the rating agencies then rating the Bonds Outstanding that such amendment or substitution will not result in the downgrade, withdrawal or negative qualification by such rating agencies of the then-current ratings on the Bonds Outstanding. Any waiver of any term herein by any party hereto shall only be effective upon the Trustee's prior written consent, which shall not be unreasonably withheld.

Section 9.03. Entire Agreement. This Agreement is the final agreement among the parties with respect to the subject matter hereof and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no other representations, warranties, promises, agreements, or understandings, oral, written or implied, among the parties with respect to the subject matter of this Agreement other than those included in this Agreement.

Section 9.04. Binding Effect. This Agreement shall be binding upon the parties and their respective successors and assigns. Nothing set forth in this Section 9.04 shall be deemed or construed to create or allow any assignment or transfer rights not otherwise provided for in this Agreement.

Section 9.05. Severability. If any clause, provision, or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections of this Agreement.

Section 9.06. Execution in Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.07. No Mortgagee in Possession; No Joint Venture. The Project Owner agrees that [none of the Construction Lender, Senior Lender or Government] [neither the Government nor the [Senior Lender] [Trustee] is a mortgagee in possession with respect to the Property and that this Agreement does not create any obligation on the part of the Government[, the Construction Lender] or the [Senior Lender] [Trustee] to manage or operate the Property. The relationship of the Government[, the Construction Lender] and the [Senior Lender] [Trustee] with the Project Owner is that of creditor and debtor and not that of partners or joint venturers. The Project Owner agrees that neither the Government[, the Construction Lender] nor the [Senior Lender] [Trustee] shall have any fiduciary or trust obligations with respect to the Project Owner or managing or operating the Property.

Section 9.08. Conflicts between this Agreement and Certain Other Documents. If any provision of this Agreement conflicts with a provision of the Government Lease, [the Construction Loan Documents,] [the Government Loan Documents] [or the Senior Loan Documents] [the Control and Sweep Agreement or the Bond Documents], the provisions of this Agreement shall control to the extent of such conflict; provided, however, that this Section 9.08 shall not supercede Sections 6.04 and 7.06. For purposes of this Section 9.08, a conflict exists only when there is an irreconcilable difference between a provision in this Agreement and a provision in the Government Lease, [the Construction Loan Documents,] [the Government Loan Documents] [or the Senior Loan Documents] [the Control and Sweep Agreement or the Bond Documents]. An additional requirement, condition, or term in the Government Lease, [the Construction Loan Documents,] [the Government Loan Documents] [or the Senior Loan Documents] [the Control and Sweep Agreement or the Bond Documents] shall not be in conflict with this Agreement except when such requirement, condition or term is clearly inconsistent with an express requirement, condition, or term of this Agreement.

Section 9.09. Waiver of Jury Trial. No party shall seek a jury trial in any action based upon or arising out of or otherwise relating to this Agreement, or their dealings or relationships with each other. To the extent permitted by Applicable Law, each of the Project Owner[, Trustee, Bondholder Representative] [Construction Lender,] [Senior Lender] and the Government hereby irrevocably and expressly waives any and all right to a jury trial and agrees that no such action with respect to which a jury trial has been waived shall be sought to be consolidated with any other action with respect to which a jury trial cannot or has not been waived.

Section 9.10. Effective Date. The provisions of this Agreement shall be effective on and as of the date of execution and shall continue until the expiration or earlier termination of the Government Lease, except as otherwise provided in Section 4.01(g). The parties hereto expressly agree and understand that the provisions of this Agreement shall survive the termination of the rights of the [Construction Lender and] [Senior Lender] [Trustee and the Bondholder Representative] hereunder upon repayment in full of the debt evidenced by the [Construction Loan Documents and] [Senior Loan Documents] [, as applicable] [Bonds] and passage of the 366-days period subsequent thereto as specified in Section 4.01(g) if such repayment and passage of time occurs prior to the termination date of the Government Lease. The Lockbox Agent agrees to continue to serve in that capacity notwithstanding such termination of right of the [Trustee and the Bondholder Representative] [Construction Lender and] [Senior Lender] [, as applicable,] upon the occurrence of such repayment of such [Bond] [Construction Loan or] [Senior Loan] debt.

Section 9.11. Interpleader. If the Lockbox Agent, at any time in good faith, is in doubt as to the action it should take under this Agreement, it shall have the right to commence an interpleader action in any United States district court in the State or any other court of proper jurisdiction and to take no further action except in accordance with joint instructions from the Project Owner, the Government, and, if applicable, [the Construction Lender or] [Senior Lender] [the Trustee or the Bondholder Representative] or in accordance with the order of the court in such action.

Section 9.12. Third Party Beneficiaries. There are no third party beneficiaries of this Agreement.

Section 9.13. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of _____, except as preempted by Federal law.

Section 9.14. Set-off. The Lockbox Agent shall not set-off against and deduct from any moneys that are held pursuant to this Agreement any amounts which are owing by the Project Owner to the Lockbox Agent pursuant to this Agreement or any other agreement between the Lockbox Agent and the Project Owner.

Section 9.15. Joinder. Upon execution and delivery of the applicable signature page to this Agreement by [each of] [the Trustee and the Bondholder Representative], [the Construction Lender and the Senior Lender] [the Senior Lender], such Person shall be a party to this Agreement and bound by the terms hereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly Authorized Officers as of the Effective Date.

SECRETARY OF THE AIR FORCE, as the Government

By: _____
Name: _____
Title: _____

_____ **as Project Owner**

By: _____
Name: _____
Title: _____

_____, **as Lockbox Agent**

By: _____
Name: _____
Title: _____

[The Bondholder Representative hereby joins in this Agreement and acknowledges and agrees to abide by all terms and conditions of this Agreement.

as Bondholder Representative

Name:
Its:]

[The Trustee hereby joins in this Agreement and acknowledges and agrees to abide by all terms and conditions of this Agreement.

as Trustee

Name:

Its:

[The Construction Lender hereby joins in this Agreement and acknowledges and agrees to abide by all terms and conditions of this Agreement.

as Construction Lender

By: _____

Name: _____

Title: _____]

[The Senior Lender hereby joins in this Agreement and acknowledges and agrees to abide by all terms and conditions of this Agreement.

as Senior Lender

By: _____

Name: _____

Title: _____]

EXHIBIT A

QUARTERLY RECONCILIATION STATEMENT

		Quarter Ending			
		Month 1	Month 2	Month 3	Quarter Total
A =	Beginning Balance of Operating Account				A
B =	Cash for OPEX transferred by Lockbox Agent				B
C =	Cash Spent for Project Operations				C
D =	Ending Balance of Operating Account (A+B-C)				D
E =	Annual Operating Expenses (Lockbox Agreement definition)				E
F =	Minimum Reconciliation Baseline (E/12)				F
G =	Maximum Reconciliation Baseline (E/6)				G
H =	Transfer Amount to/(from) Operating Account (If D<F, F-D; If D>G, D-G)				H

Support for A through D can be represented in the quarterly Cash Flow Statement with adjustments shown as necessary.

EXHIBIT B-1

CONSTRUCTION ESCROW ACCOUNT DISBURSEMENT REQUEST FORM

Disbursement Request

dated as of _____, 20__

The undersigned, _____, submits this Disbursement Request to the Lockbox Agent, pursuant to Section 4.10 of the Lockbox Agreement, dated as of _____, 200_, by and among _____, a _____, as the Project Owner, the Secretary of the Air Force, as the Government, _____, as the Lockbox Agent, and others, and hereby certifies and represents:

that the information set forth herein is accurate and complete and that the amounts set forth herein shall be used for the purposes set forth in this Disbursement Request consistent with the Design Construction Plan.

REQUISITION NUMBER: _____

ORIGINATING ACCOUNT NUMBER: _____

DESTINATION ACCOUNT NUMBER: _____

AMOUNT OF DISBURSEMENT: \$ _____

a _____

By: _____

Name: _____

Title: _____

[The Trustee hereby certifies to the Lockbox Agent that, to the best of its knowledge, the Disbursement Request satisfies the requirements of Section 5.04(a) of the Trust Indenture.

By: _____

Name: _____

Title: _____]

EXHIBIT B-2

DISBURSEMENT REQUEST FORM

Disbursement Request

dated as of _____, 20__

The undersigned, _____, submits this Disbursement Request to the Lockbox Agent, pursuant to Section 4.____ of the Lockbox Agreement, dated as of _____, 200__, by and among _____, a _____, as the Project Owner, the Secretary of the Air Force, as the Government, _____, as the Lockbox Agent, and others, and hereby certifies and represents:

[Insert certifications and representations required by applicable section of Article IV]

REQUISITION NUMBER: _____

ORIGINATING ACCOUNT NUMBER: _____

DESTINATION ACCOUNT NUMBER: _____

AMOUNT OF DISBURSEMENT: \$ _____

a _____

By: _____

Name: _____

Title: _____

CONSENTED BY:

THE UNITED STATES OF AMERICA

By: _____

Deputy Assistant Secretary of
the Air Force (Installations)

[_____
as Bondholder Representative]

Name:
Its:

[Substitute signature block of appropriate signatory
or add signature blocks for approving parties as
required by applicable section of Article IV]

EXHIBIT C
COLLATERAL ACCOUNTS

<u>Account Name</u>	<u>Account Number and Portfolio</u>
Lockbox Revenue Account	
Base Operating Accounts	
Impositions Reserve Account	
[Trapping Account]	
Replacement Reserve Account	
Operating Reserve Account	
Tenant Security Deposit Account*	
[Series A Debt Service Reserve Account]	
[Series B Debt Service Reserve Account]	
Construction Escrow Account	
Project Owner Equity Subaccount	
Construction Bonds Proceeds Subaccount	
Direct Loan Subaccount	
Project Operations Subaccount	
[Contingency Subaccount]	
Insurance and Condemnation Account	
Performance Incentive Account	

* Subject to restrictions set forth in Section 4.08.

SCHEDULE 1

AUTHORIZED OFFICERS

For the Government: [] For the Trustee: []
For the Bondholder Representative: []
For the Project Owner: []
For the Architect: []
For the Construction Consultant: []

SCHEDULE 2

RESPONSIBLE OFFICERS OF LOCKBOX AGENT