MARYLAND DEPARTMENT OF
HOUSING & COMMUNITY DEVELOPMENT

Project Name: Annapolis Gardens/Bowman Court
Project No. RHPP 28.02.0022
ARRA TCX 14.610.7900

MANAGEMENT AGREEMENT

THIS AGREEMENT is made this 29th day of September, 2009, between Annapolis Community Development Partners, LLC (hereinafter referred to as the "Owner") and Landex Management, LLC (hereinafter referred to as the "Agent").

WITNESSETH:

In consideration of the terms, conditions and covenants hereinafter set forth, the Owner and Agent mutually agree as follows:

Section 1. <u>Definitions</u>.

As used in this Agreement:

1.1 "DHCD" shall mean the Department of Housing and Community Development as established under the provisions of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, and all regulations promulgated thereunder (collectively, the "Act"). If the Loan (as hereinafter defined) is funded from the Multifamily Bond Program or the ARRA Section 1602 program of DHCD, then all references herein to DHCD shall also mean the Community Development Administration, an agency in the Division of Development Finance of DHCD ("CDA").

1.2 "Lease" shall mean the form of agreement between the Owner and a Resident under the terms of which said Resident is entitled to enjoy possession of a dwelling unit.

1.3 "Loan" shall mean the Loan from DHCD to the Owner for the acquisition, construction and/or rehabilitation of the Project.

1.4 "Loan Documents" shall mean the Note, Deed of Trust, Security Agreement and Assignment of Rents, Regulatory Agreement, Building Loan Agreement and any and all other documents executed in connection with the Loan.

1.5 "Non-Housing Income" shall mean all amounts actually collected by the Agent, other than Rent, including (i) vending and laundry income, and (ii) income received from rental of parking spaces, garage spaces and commercial space.

1.6 "Project" shall mean the real property and the improvements, buildings, appurtenances and equipment thereon, of the Owner known as Annapolis Gardens and Bowman Court located in the [City of

Annapolis,][County of Anne Arundel], State of Maryland, and consisting of 150 dwelling units, ___0_____ garage spaces to be rented and ___4____ commercial or other non-dwelling spaces.

1.7 "Rent" shall mean the monthly amount which a Resident is obligated to pay the Owner pursuant to the terms of a Lease, other than Non-Housing Income.

1.8 "Resident" shall mean any person occupying a dwelling unit in the Project pursuant to a Lease.

Section 2. Appointment of Agent.

The Owner hereby appoints the Agent, and the Agent hereby accepts appointment, on the terms and conditions hereinafter provided, as exclusive management agent of the Project.

Section 3. Regulation by DHCD & HUD.

The Agent fully understands that the Owner is receiving a loan from DHCD and is required to comply with the Act and with all rules and regulations of DHCD. The Agent further fully understands that the operation of the Project is subject to a Regulatory Agreement (the "Regulatory Agreement") between the Owner and DHCD and a Low Income Housing Tax Credit Covenant between the Owner and CDA. In the performance of its duties hereunder, the Agent agrees to comply with the provisions of the Act, the policies, procedures, rules and regulations of DHCD, the Loan Documents, and the subsidy payment agreement, if any, all as amended from time to time, and receipt of which is hereby acknowledged by the Agent.

3.1 Management Plan.

Attached hereto as Exhibit A and Exhibit B and hereby incorporated herein, is a copy of the "Management Plan" and "Resident Selection Plan" for the Project, which provides a comprehensive and detailed description of the policies and procedures to be followed in the management of the Project. In many of its provisions, this Agreement briefly defines the nature of the Agent's obligations in managing the Project, with the intention that reference be made to the Management Plan and Resident Selection Plan for more detailed policies and procedures. Accordingly, the Agent will comply with the applicable provisions of the Management Plan and Resident Selection Plan, regardless of whether specific reference is made thereto in any particular provision of this Agreement. The Management Plan and Resident Selection Pan may be amended, but only with the written approval of DHCD and the Housing Authority of the City of Annapolis ("HACA"), which approval shall not be unreasonably withheld, delayed or conditioned. In the event of any conflict between the Management Plan and the Regulatory and Operating Agreement, the Regulatory and Operating Agreement shall govern.

3.2 HUD Regulations

The Agent understands that the Owner is receiving Section 9 operating subsidies on behalf of the public housing units. As a condition of the receipt of the operating subsidy the public housing units are further subject to the public housing requirements as set forth in the attached Management Agreement Rider which is incorporated herein.

Section 4. Confer with Owner and DHCD.

The Agent agrees to keep itself informed on the policies of DHCD and, notwithstanding the authority given to the Agent in this Agreement, to confer fully and freely with the Owner, the Marketing Agent as described in Section 7.20 hereof, and DHCD in the performance of its duties hereunder.

Section 5. Meetings with Owner and Marketing Agent.

The Agent agrees to cause an officer of the Agent to attend meetings with the Owner and Marketing Agent at any time or times requested by the Owner, Marketing Agent or DHCD.

Section 6. Management Personnel.

6.1 On the basis of wage rates previously approved by the Owner and DHCD, the Agent shall hire, pay, supervise and discharge all managerial and non-managerial personnel pursuant to the Management Plan attached hereto.

6.2 Such personnel shall in every instance be in the employment of the Agent. Compensation for the services of such employees (as evidenced by certified payrolls) shall be considered an operating expense of the Project. 0___ rent-free, _0___ bedroom apartment(s) shall be provided for the personnel. The Agent shall hire in its own name, and have physically present at the Project, all managerial and non-managerial personnel necessary for the full and efficient performance of its duties under this Agreement, including the physical presence of responsible personnel at such times as may reasonably be requested by the Owner. In any event, no less than one(1) responsible managerial person(s) of the Agent shall be physically present at the Project not less than 8 hours per day, 40 days per week.

Section 7. Services of the Agent.

7.1 Review of Architectural Plans and Specifications.

The Agent shall advise the Owner with respect to design and construction of the Project throughout the planning and design period and at each stage of design (schematic, preliminary, and final working drawings and specifications) and shall recommend such changes as deemed necessary based upon the experience of the Agent, particularly with regard to items which may reduce operating expenses and create a more maintenance-free Project.

7.2 Services Prior to Construction.

Prior to the initial closing and the initiation of construction/rehabilitation of the Project, the Agent shall (i) furnish to the Owner and to DHCD, in a format acceptable to DHCD, detailed estimates and supporting material regarding maintenance and operating expenses for the Project; (ii) prepare a Management Plan for the Project, if requested by the Owner and DHCD, which Management Plan shall be subject to the review and approval of the Owner and DHCD.

7.3 Services During Construction.

Prior to completion of construction/rehabilitation and prior to occupancy of the Project, the Agent shall (i) furnish to the Owner and DHCD in a format acceptable to DHCD, and no later than 60 days prior to occupancy of the Project, revised estimates of maintenance and operating expenses accompanied by documentation in the form of bids, contracts or comparables for any and all items so requested by DHCD; (ii) establish and maintain a close working relationship with the Marketing Agent; (iii) retain such management and maintenance personnel as necessary for the Project no later than 60 days prior to occupancy; (iv) provide training opportunities for on-site management and maintenance personnel, including attendance at conferences and seminars on housing management; (v) establish Rules and Regulations for Project; (vi) establish a book-keeping and accounting system in accordance with DHCD requirements; (vii) provide for insurance coverage in accordance with DHCD requirements, as provided in Section 7.9 hereof; (ix) secure all necessary equipment and supplies; (x) participate in pre-occupancy conferences and training sessions as required by DHCD; and (xi) provide an accounting for all expenses to be paid from interim income in accordance with DHCD standards and requirements for cost certification.

7.4 Structure and Warranties.

The Agent shall obtain from the Owner a complete set of plans and specifications as approved by DHCD and copies of all guarantees and warranties pertinent to construction, fixtures, and equipment. With the aid of this information and inspection by competent personnel, the Agent shall thoroughly familiarize itself with the character, location, construction, layout, plan, and operation of the Project and especially of the electrical, heating, plumbing, air conditioning, and ventilating systems, and all other mechanical equipment.

7.5 Inspection of Project.

The Agent shall participate in the final inspection(s) to certify the readiness of the units for occupancy and shall (i) inform the Owner and DHCD of all defects in material and workmanship discovered within the construction warranty period; (ii) monitor the action taken by the Contractor to correct the defects and (iii) participate in formal inspection held for the purpose of identifying construction defects.

7.6 Inspection Prior to Occupancy.

Prior to occupancy of any unit by a Resident, the Agent and the Resident shall inspect the unit, and both shall certify that they have inspected the unit and have determined it to be decent, safe, and sanitary in accordance with the criteria provided in the prescribed forms. Copies of these reports shall be kept by the Owner or Agent for at least three years.

7.7 Maintenance and Repairs.

The Agent shall cause the buildings, appurtenances, equipment and grounds of the Project to be maintained and repaired at all times according to standards acceptable to the Owner and DHCD.

7.8 Preventive Maintenance.

The Agent shall develop a preventive maintenance schedule including, but not limited to, periodic inspections of the units; residency commencement and termination check lists; inventory control, common

area maintenance; equipment maintenance; exterior maintenance on a seasonal basis; and painting, decorating, and replacement time-tables as necessary.

7.9 Property Insurance.

a. The Agent shall obtain recommendations for, and cause to be placed in force, all forms of insurance needed to adequately protect the Owner, DHCD and the Project (or as required by law), including, where appropriate, public liability insurance, boiler insurance, flood insurance, fire and extended coverage insurance and burglary and theft insurance. All of the various types of insurance coverage required for the benefit of the Owner, DHCD and the Project shall be placed with such companies, in such amounts, and with such beneficial interest appearing therein as shall be acceptable to the Owner and DHCD. The Agent certifies that the types of insurance policies checked below are in force and will be maintained to the best of its ability at all times. Fidelity bonds, hazard insurance and flood insurance policies will name DHCD as an additional loss payee.

(i) ___X___ Fidelity bond or employee dishonesty coverage for (1) all principals of the Agent and (2) all persons who participate directly or indirectly in the management and maintenance of the Project and its assets, accounts and records. Coverage will be at least equal to the Project's gross potential income for two months.

(ii) ___X___ Hazard insurance coverage in an amount required by the Project's mortgage(s).

(iii) ___X___ Flood insurance coverage in an amount required by the Project's mortgage(s).

(iv) ___X___ Public liability coverage with the Agent designated as one of the insured.

*Note: For any box not checked, attach an explanation as to why you cannot obtain that type of insurance. Such situations should be extremely rare.

b. The Agent shall promptly investigate and make a full written report to the Owner and DHCD as to all serious accidents or claims for damage relating to the ownership, operation, and maintenance of the Project, including any damage to or destruction of the Project, the estimated cost of repair, and shall cooperate and make any and all reports required by any insurance company in connection therewith.

7.10 Notice of Authority.

The Agent shall place in a conspicuous place on the premises a notice that the Agent is authorized to manage the premises and is authorized by the Owner to accept service of process and to receive and give receipt for notices and demands.

7.11 Service Requests of Residents.

The Agent shall maintain business-like relations with Residents whose service requests shall be received, considered, and recorded on a systematic written basis in order to show the action taken with

respect to each. Complaints of a serious nature and all written complaints shall, after thorough investigation, be reported to the Owner and DHCD with appropriate recommendations.

7.12 Inspection of Unit.

As part of a continuing program to secure full performance by the Residents of all obligations and maintenance for which they are responsible, the Agent shall make an annual inspection of all dwelling units and report its findings in writing to the Owner and the DHCD.

7.13 Review of Operations.

The Agent shall permit DHCD to conduct on-site evaluations of the performance of any or all management services which the Agent has agreed to provide as stipulated in this Agreement, and the Management Plan, if required. An authorized representative of the Agent shall be available during on-site evaluations. The Agent shall correct any deficiencies noted in these evaluations within 30 days of receipt of the report from DHCD. In the event such correction cannot be made within 30 days, the Agent shall provide DHCD with a written plan for such correction, including a timetable of proposed actions.

7.14 Collections and Delinquencies.

The Agent shall collect and deposit in the account established pursuant to Section 9 hereof all rents and other charges due from Residents and all rents or other payments due the Owner from users or lessees of non-dwelling facilities in the Project. The Agent agrees, and the Owner hereby authorizes the Agent, to request, demand, collect, receive, and give receipts for any and all charges or rents which may at any time be or become payable to the Owner. Rents and other charges shall not be accepted in cash by the Agent. The Agent agrees to take such action, including legal action, with respect to delinquencies in payments due the Owner as the Owner or DHCD may from time to time authorize or request. The Agent shall furnish the Owner an itemized list of all Residents with delinquent accounts immediately following the fifteenth day of each month.

7.15 Payments and Expenses.

a. From the funds collected and deposited in the account established pursuant to Section 9 hereof, the Agent shall cause funds to be disbursed regularly and punctually in accordance with the provisions of the Loan Documents. If the Loan Documents are silent as to the disbursement of funds, then all funds shall be distributed in the following order and priority:

(i) reimbursements for payroll expenses for services of Agent's employees as provided in Section 6.1 above, and reimbursement for management related long-distance telephone calls, as provided in Section 9 below;

(ii) all of the real estate tax and insurance premium escrow payments required of the Owner, which payments shall be deemed to be part of the "operating expenses" of the Project as the same are defined in the Regulatory Agreement;

(iii) all remaining operating expenses of the Project (excluding the DHCD Loan principal and interest payments); including administrative, maintenance, and utility expenses set forth in the current DHCD approved operating budget;

(iv) the fees of the Project's Marketing Agent, as set forth in the Marketing Agreement between the Owner and the said Agent, and the fee of the Management Agent as provided in Section 11 below; and

(v) all amounts required to be deposited with DHCD or its designated depositor in the replacement reserve account or other reserves, if any, as set forth in the Regulatory Agreement;

(vi) all of the principal, interest and fees required to be paid to DHCD by the Loan Documents, and principal and interest payments to any other lenders under loans approved by DHCD;

b. The Agent agrees to:

(i) Assure that all Project expenses are reasonable in amount and necessary to the operation of the Project;

(ii) Exert reasonable effort to maximize Project income and to take advantage of discounts and credit the Project with all discounts, rebates or commissions (including any sales or property tax relief granted by the State or local government) received with respect to purchases, service contracts and other transactions made on behalf of the Project;

(iii) Obtain contracts, materials, supplies and services, including the preparation of the annual audit, on terms most advantageous to the Project and at costs not in excess of amounts ordinarily paid for such services rendered or supplies and materials furnished; and

(iv) Solicit verbal or written cost estimates as necessary to comply with the provisions of this paragraph and document the reasons for accepting other than the lowest bid. The Agent will maintain copies of such documentation and it will be available for inspection during normal business hours.

c. With the exception of payments provided for in subsection (a) of this paragraph, the Agent shall not make any disbursement in excess of $2,500, unless specifically authorized by the Owner and approved by DHCD, provided that emergency repairs, involving manifest danger to life and property, or immediately necessary services to the Project, may be made by the Agent without regard to the cost limitation imposed by this paragraph with the understanding that the Agent will, if at all possible, confer immediately with the Owner regarding every such expenditure, and will submit the request for the required DHCD approval promptly following the emergency. The Agent shall not incur liabilities of the Owner (direct or contingent) which, in the aggregate will exceed at any time $10,000 unless specifically authorized by the Owner and approved by DHCD. In addition, the Agent shall not incur liabilities of the Owner (direct or contingent) which require payment more than one year from the creation thereof, unless specifically authorized by the Owner and approved by DHCD.

7.16 Government Orders.

The Agent shall take such action as may be necessary to comply promptly with any and all orders or requirements affecting the Project placed thereon by any federal, state, county, or municipal authority having jurisdiction thereover. The Agent shall not take any action under this paragraph unless DHCD directs so long as the Owner is contesting or has affirmed its intention to contest any such order or requirement. The Agent shall promptly, and in no event later than 48 hours from the time of their receipt, notify the Owner and DHCD in writing of all such orders and notices of requirements.

7.17 Utility Service and Purchases.

Subject to the approval of the Owner and in accordance with the rules and regulations of DHCD, the Agent shall make contracts for garbage and trash removal, extermination, snow removal, elevator maintenance, and other necessary services. Further, the Agent shall place orders for such equipment, tools, appliances, materials, and supplies as are necessary to maintain and repair the Project properly. When taking bids or issuing purchase orders, the Agent shall act at all times in the best interest of the Owner and shall be under a duty to secure for and credit to the Owner any discounts, commissions or rebates as a result of such purchases.

7.18 Records and Reports.

a. The Agent shall establish and maintain a comprehensive system of records, books, and accounts in a manner satisfactory to the Owner and DHCD. All records, books, and accounts will be subject to examination at reasonable hours by an authorized representative of the Owner and DHCD.

b. With respect to each fiscal year ending during the term of this Agreement, the Agent shall have an annual financial report prepared by a Certified Public Accountant based upon the preparer's examination of the books and records of the Owner and Agent. The report shall be prepared in accordance with DHCD requirements, shall be certified by the preparer and the Agent, and shall be submitted to the Owner within sixty (60) days after the end of the fiscal year, for the Owner's further certification and submission to DHCD. Compensation for the preparer's services shall be considered an operating expense of the Project.

c. The Agent shall prepare Monthly Operating Reports which compare actual and budgeted income expenses for the month and the year-to-date. The Agent shall prepare a monthly Aged Schedule of Accounts Receivable and Accounts Payable. The Agent shall prepare a monthly Analysis of Security Deposits and Monthly Cash Reconciliation, and shall submit each statement to the Owner and DHCD within twenty (20) days after the end of the month covered.

d. The Agent shall furnish such information as may be reasonably requested by the Owner or DHCD from time to time with respect to the financial, physical, or operational condition of the Project.

e. By the fifteenth (15th) day of each month, the Agent shall furnish the Owner with an itemized list of all rent delinquencies as of the tenth (10th) day of the same month.

f. By the tenth (10th) day of each month, until the Project has reached ninety five (95%) percent occupancy, the Agent will furnish the Owner and DHCD with a Monthly Occupancy Report, in a format acceptable to DHCD.

g. The Agent shall prepare, execute, and file for the Owner all forms, reports, and returns required by law in connection with the employment of personnel, including unemployment insurance, workmen's compensation insurance, disability benefits, social security, and other similar insurance benefits or taxes now in effect or hereafter imposed.

7.19 Operating Budget.

At least 60 days before the beginning of each new fiscal year of the Owner, the Agent shall prepare and submit to the Owner and DHCD an Operating Budget, in such form as may be prescribed by DHCD, setting forth an itemized statement of the anticipated receipts and disbursements for the Project.

7.20 Assumption of Marketing Duties.

The Owner has entered into a Marketing Agreement with a Marketing Agent, a copy of which has been provided to the Agent. Upon expiration or termination of the Marketing Agreement, the Agent shall immediately assume responsibility for all functions and services of the Marketing Agent as set forth in the Marketing Agreement.

7.21 Compliance of Residents.

a. The Agent shall at all times during the term of this Agreement operate and maintain the Project according to the highest standards achievable. The Agent shall secure full compliance by the Residents with the terms and conditions of their respective Leases.

b. The Agent may lawfully terminate any tenancy when, in the Agent's judgment, sufficient cause occurs under the terms of the Resident's Lease and shall provide Owner with copies of all documentation regarding termination of any Resident's tenancy.

c. The Agent is authorized to consult with legal counsel designated by the Owner to bring actions for eviction and to execute notices to vacate and to commence appropriate judicial proceedings; provided, however, that the Agent shall follow such instructions as the Owner and DHCD have prescribed.

d. Subject to the Owner's approval, costs incurred in connection with such actions shall be considered as operating expenses.

7.22 Recertification of Income.

The Agent shall take such steps as are required by DHCD to recertify incomes of Residents occupying units constructed or otherwise assisted with the proceeds of the DHCD Loan.

7.23 Leasing of Units.

The leasing of units in the Development and the establishment of rents and rent increases shall be done in accordance with the Management Plan which shall comply with the Tax Credit Covenant, the

Regulatory Agreement and the Management Agreement Rider. No lease for a dwelling unit in the development may have a term of less than 30 days or more than one year. The Agent shall be responsible for maintaining the site base waiting list in according with the established procedure found in the Resident Selection Plan.

Section 8. Other Acts.

Everything done by the Agent under the provisions of this Agreement shall be done as Agent of the Owner, and all obligations or expenses incurred thereafter shall be for the account of and on behalf of the Owner. Any payments to be made by the Agent hereunder shall be made out of such sums as are available in the operating receipts and expense account established pursuant to Section 9.1. The Agent shall not be obliged to make any advance to, or for the account of, the Owner or to pay any sum, except out of funds held or provided as aforesaid nor shall the Agent be obliged to incur any liability or obligation for the account of the Owner without assurance that the necessary funds for the discharge thereof will be provided.

Section 9. Bank Accounts.

9.1 Operating Receipts and Expense Account.

The Agent shall establish and maintain in a bank whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC) in accordance with the provisions of the Regulatory Agreement, a separate bank account as Agent of the Owner, for the deposit of monies from the Project, with authority to draw thereon for any payments to be made by the Agent to discharge any liability or obligations of the Owner incurred in accordance with this Agreement. The account shall be titled in the Agent's or Owner's name and shall be designated of record "(Name of Project) Operating Receipts and Expense Account." The Agent shall also establish such other special bank accounts as may be required by DHCD or the Owner. Signatories entitled to make withdrawals from any and all of these accounts shall be persons covered by the bond to be posted pursuant to this Agreement.

9.2 Security Deposit Account.

The Agent shall collect, deposit and disburse Residents' security deposits in accordance with the terms of the respective Leases. Residents' security deposits shall be deposited by the Agent in an interest bearing account, separate from all other accounts and funds, with a bank or other financial institution whose deposits are insured by FDIC. The Agent shall be responsible for any loss incurred by the Project for its failure to comply with refunding of security deposits with accrued interest to residents as required by Maryland law. This account shall be titled in the Agent's name and shall be designated of record "(Name of Project) Security Deposit Account". The Agent shall cause the amount of the Security Deposit Account to equal or exceed at all times the aggregate of all outstanding obligations by the Owner with respect to security deposits.

Section 10. Office in Project.

The Owner shall furnish the Agent with suitable office space, office furniture and equipment, such as file cabinets, computers, typewriter, and adding machines) on the site of the Project and with electricity, water, heat, and janitorial service therein.

Section 11. Compensation of Agent.

(a) The sole compensation which the Agent shall be entitled to receive for all services performed under this Agreement shall be a fee computed and payable monthly in an amount equivalent to $40.00 per unit. The management fee paid to the Agent shall at all times comply with the HUD Safe Harbors for management fees and the DHCD loan documents.

(b) All Project employee salaries, including resident manager, bookkeeping personnel, compliance auditors and any Agent staff performing front-line work are to be paid out of Project funds. All expenses contributable to operating the Project will be paid out of Project funds.

Section 12. Non-Discrimination.

12.1 In the performance of its obligations under this Agreement, the Agent will comply with the provisions of any federal, state, or local law prohibiting discrimination in housing on the grounds of race, color, sex, creed, national origin, marital status, sexual orientation or physical or mental handicap, including Title VI of the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 241), all requirements imposed by or pursuant to the Regulations of HUD (24 CFR, Subtitle A, Part 1) issued pursuant to that Title; regulations issued pursuant to Executive Order 11063, and Title VIII of the 1968 Civil Rights Act. This Agreement may be terminated or suspended, in whole or in part, by the Owner or DHCD upon the basis of a finding that the Agent has not complied with non-discrimination provisions.

12.2 The Agent shall comply with the DHCD-approved "Affirmative Fair Housing Marketing Plan" for the Project, and shall utilize such measures as may be required by the Owner or DHCD to encourage affirmatively the occupancy of residential units by members of minority groups.

Section 13. Fidelity Bond.

The Agent shall furnish, at its own expense, a fidelity bond to protect the Owner and DHCD against misapplication of funds of the Project by the Agent and its employees. The terms and conditions of the bond, and the surety thereon, shall also be subject of the approval of the Owner and DHCD, and shall be in an amount not less than two times the total of the following:

a. The maximum possible monthly rent collections based on 100% occupancy; and

b. Non-Housing Income; and

c. The maximum possible funds being held as security deposits based on 100% occupancy.

Section 14. Expiration.

14.1 Unless sooner canceled pursuant to paragraph 12.1 or paragraphs 14.2 - 14.5 of this Section, this Agreement shall be in effect from the date of execution until September 29, 2012. This Agreement shall continue in full force and effect after the expiration of the original term upon the same conditions unless either party gives written notice of cancellation or modification to the other

no later than thirty (30) days before the expiration of the original terms. During the continuation period following the original term, either party may cancel by giving the other written notice no later than thirty (30) days before the date on which cancellation is to be effective. Provided however, that the Owner may not unilaterally elect to cancel this Agreement under this paragraph so long as the Agent, or an affiliate of the Agent, is a guarantor to the Owner. Execution shall not be deemed complete unless and until this Agreement has been approved in writing by DHCD."

14.2 Failure to Comply; Probationary Status of Agent.

Should the Agent fail to comply with any and all requirements of DHCD, as outlined herein, DHCD shall notify the Agent of its noncompliance and provide 10 business days for Agent to cure this default. If Agent fails to cure the default, DHCD shall place the Agent on a sixty (60) day probationary status during which the fee to the Agent shall be reduced by two percent (2%) per month of the fee stipulated in the Agreement. This penalty shall be reviewed after sixty (60) days and lifted if the Agent achieves full compliance with DHCD requirements, as determined by DHCD in its sole discretion. If the Agent does not achieve compliance within ninety (90) days, DHCD, at its option, may exercise its right to extend the probationary period or terminate this Agreement as stated below.

14.3 Termination By Owner.

In the event that the Agent shall fail to perform any of its duties hereunder or comply with any of the provisions hereof, the Owner may terminate this Agreement with cause upon Owner's 30 day written notice to the Agent. Termination of this Agreement by Owner must have prior written approval of DHCD.

14.4 Termination Because of Bankruptcy.

In the event that a petition in bankruptcy is filed by or against either the Owner or the Agent, or in the event that either shall make an assignment for the benefit of creditors to take advantage of any insolvency act, either party hereto may immediately terminate this Agreement without notice, but prompt advice of such action shall be given to the other party and to DHCD.

14.5 Termination by DHCD.

It is expressly understood and agreed by and between the Owner and the Agent that DHCD shall have the right to terminate this Agreement, with or without cause, on 10 business days' written notice to the Owner and the Agent; except that in the event of a default by the Owner under its mortgage to DHCD or the Regulatory Agreement, DHCD shall have the right to terminate this Agreement immediately without notice, but prompt advice of such action shall be given to the Owner and the Agent. It is further understood and agreed that no liability shall attach to DHCD in the event of termination of this Agreement pursuant to this paragraph. Upon receipt of such notification, the Owner shall terminate the contract within a period of not more than 30 days and shall make arrangements satisfactory to DHCD for continuing proper management of the Project. In the event there is an identity of interest between the Owner and the Agent, the above provisions for termination of the Agent by DHCD shall in no way be limited or compromised. The Owner shall in all instances comply with the directives of DHCD.

14.6 Accounting Upon Termination.

Within 10 days after the termination of this Agreement, the Owner and Agent shall account to each other with respect to all matters outstanding as of the date of termination, the Owner shall furnish the Agent security against any outstanding obligations or liabilities which the Agent may have incurred hereunder, and the Agent shall turn over to the Owner all records, documents or other instruments, waiting lists, and any and all other files and papers in its possession pertaining to the Agent's performance under this Agreement.

Section 15. Assignments.

This Agreement shall inure to the benefit of and constitute a binding obligation upon the Owner and Agent, and their respective successors and assigns, provided that the Agent cannot assign this Agreement or any of its duties hereunder without the prior written consent of the Owner and DHCD.

Section 16. Amendment.

This Agreement constitutes the entire Agreement between the Owner and the Agent, and no amendment or modification thereof shall be deemed to be valid and enforceable except by supplemental agreement in writing, executed, and approved in the same manner as this Agreement.

Section 17. Execution of Counterparts.

For the convenience of the parties, this Agreement may be executed in counterpart copies, which are in all respects similar and each of which shall be deemed to be complete in itself so that any one may be introduced in evidence or used for any other purpose without the production of the other counterparts.

Section 18. Welfare to Work.

The Agent understands that as part of Maryland's continuing efforts to provide successful Welfare-to-Work opportunities, DHCD encourages loan and grant applicants, as well as the management companies they work with, to make jobs available to Temporary Cash Assistance recipients. The Agent understands that further information on how to reach these resources is available from the Department of Human Resources, Office of Work Opportunities at (410) 767-7976 or the Department of Labor, Licensing and Regulation, Office of Employment Training at (410) 767-2800 or the Maryland Job service at (410) 767-3416. The Agent understands that Maryland also maintains a job bank on the internet at *http://www.careernet.state.md.us.*

NOTICE

Any person who knowingly makes or causes any false statement or report to be made for the purpose of influencing the action of DHCD is subject to a fine not exceeding $50,000 or imprisonment not exceeding five years, or both.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first written.

WITNESS/ATTEST
Partners, LLC

Annapolis Community Development
By: Landex Development, LLC, its managing ~~sole~~ member
By: _____
Name: Peter Sieger
Title: Sole member

Landex Management, LLC

By: _____
Name: Peter Sieger
Title: _____

As of the 24th day of September, 2009 the Department of Housing and Community Development hereby approves and consents to the foregoing Management Agreement and the Agent appointed therein.

By: Elaine Connick
Name: ELAINE CONNICK
Title: Authorized Officer

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
MANAGEMENT AGREEMENT RIDER FOR PUBLIC HOUSING REQUIREMENTS
FOR
ANNAPOLIS GARDENS/BOWMAN COURT

This Management Agreement Rider (**"Rider"**) is entered into as of September 29, 2009 by and between **Annapolis Community Development Partners, LLC** (**"Owner"**) and Landex Management Company (**"Managing Agent"** or "**Agent"**) to specify the Managing Agent's duty to carry out certain requirements of the Owner, as further set forth herein, arising from the Owner's obligations to the Housing Authority of the City of Annapolis (**"HACA"** or the **"Authority"**) to operate seventy-five (75) units (the **"Public Housing Units"**) of the one hundred fifty (150) units in Annapolis Gardens/Bowman Court (the **"Development"**) as public housing pursuant to certain agreements with HACA and in accordance with the requirements of the U.S. Department of Housing and Urban Development (**"HUD"**).

WHEREAS, of approximate even date herewith, the parties entered into that certain management agreement (the **"Management Agreement"**) pertaining to the operation of the Development.

WHEREAS, of approximate even date herewith, in exchange for various public housing operating assistance from HACA (the **"Authority Assistance"**), Owner entered into certain agreements with HACA requiring Owner to operate or cause to be operated the Public Housing Units in accordance with the HUD-approved Declaration of Restrictive Covenants (**"Public Housing Declaration"**) filed against the Development a well as the Regulatory and Operating Agreement (**"R&O"**) between Owner and HACA.

WHEREAS, the R&O and the Public Housing Declaration require Owner to comply with all requirements applicable to public housing, including, but not limited to, the United States Housing Act of 1937 (42 U.S.C.§1437 et seq.), as amended from time to time, any successor legislation, and all implementing regulations and notices issued thereunder or in furtherance thereof (the **"Act"**) (and to the extent applicable, any HUD-approved waivers of regulatory requirements), the Consolidated Annual Contributions Contract between HUD and HACA, dated as of January 18, 1996 (the "**ACC**") to the extent applicable to the Development, as amended by the Mixed-Finance ACC Amendment dated of approximate even date herewith, incorporating the Public Housing Units (the "**Mixed Finance ACC**"), and as further amended from time to time, HACA's Admissions and Continued Occupancy Policy, set forth in the Authority's approved PHA Plan required pursuant to 24 CFR part 903, as may be amended from time to time by HACA (collectively, the **"ACOP"**), and pet policy (**"Pet Policy"**) as well as the terms of the R&O and Public Housing Declaration (all of the above shall be referred to collectively herein as the "**Public Housing Requirements**").

WHEREAS, in order for Owner to fulfill the Public Housing Requirements, and for Managing Agent to continue to manage the Development on Owner's behalf, the parties have agreed to enter into this Rider to amend the Management Agreement with respect to the Public Housing Units and to supersede any aspects of the Management Agreement that are not consistent with Public Housing Requirements.

WHEREAS, Managing Agent must maintain all licenses as a State of Maryland licensed property manager and/or certified residential property manager as certified by a HUD-approved certifying agency, and any other licenses which may be applicable. In addition, Managing Agent shall cause appropriate personnel assigned to the Development to be certified as either public housing property managers or accredited real estate property managers.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner and Managing Agent mutually agree as follows, with respect to the Public Housing Units, that notwithstanding any provision in the Management Agreement to the contrary:

1. **Public Housing Units**. Managing Agent shall operate seventy-five (75) units in the Development as Public Housing Units in accordance with Public Housing Requirements, the Management Agreement and this Rider.

2. In exchange for its performance under the Management Agreement and this Rider, the Managing Agent shall be paid, on a monthly basis, in arrears, a management fee of Forty Dollars ($40.00) for each occupied Public Housing Unit (the "**Management Fee**"). The Management Fee shall be subject to the HUD Cost Control and Safe Harbor Standards for Rental Mixed-Finance Development. For the purposes of calculating the Management Fee, a unit will be considered occupied if it has been vacant for less than thirty (30) days.

3. **Covenants**. Managing Agent certifies, warrants, covenants, and represents that:

   a. As of the date of execution of this Rider it does maintain, and will maintain for the term of the Management Agreement and Rider, all licenses as a State of Maryland licensed property managing Agent and/or certified residential property manager, as certified by a HUD-approved certifying agency, and any other licenses which may be applicable.

   b. It will, for the term of the Management Agreement and Rider, cause appropriate personnel, in Agent's reasonable discretion, assigned to the Development to be certified as either public housing property managers or accredited real estate property managers.

   c. Managing Agent has ensured that all its on-site employees have passed a drug and alcohol test when hired, in accordance with the Drug-Free

Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D, and the regulations at 24 C.F.R. § 24, Subpart F).

d. Managing Agent acknowledges that the Development is subject to the Ground Lease entered into as of approximate even date herewith (the **"Ground Lease"**) and has been developed pursuant to the low income housing tax credit requirements (the **"Tax Credit Restrictive Covenants"**). Agent further acknowledges that, pursuant to and in accordance with the foregoing controlling documents, seventy-five (75) dwelling units in the Development are to be set aside and operated and maintained as Public Housing Units in accordance with the Public Housing Requirements. Under the terms of the R&O, the Public Housing Units will receive the benefit of Authority Assistance. All units of the Development (including the 75 Public Housing Units) are to be operated and maintained as qualified low-income units under Section 42 of the Code (as such terms are defined in Section 42 of the Code), as the same may be amended from time to time. Agent certifies to Owner and Authority that, as Agent, it shall undertake and perform all of Owner's management duties and responsibilities in compliance with the Public Housing Requirements, Section 42 of the Code, and the documents required pursuant to the Mixed-Finance ACC.

e. The Agent acknowledges that the Authority's interest in the property encumbered by the Public Housing Declaration (the **"Property"**) is subject to loans made by the Maryland Department of Housing and Community Development (**"MDHCD"**) and Anne Arundel County with respect to the Development.

f. Agent further acknowledges and agrees, therefore, that:

(1) Owner is required to maintain and operate the Public Housing Units in compliance with the Public Housing Requirements, and to ensure that rents, charges, and operating subsidies generated from the Public Housing Units are used solely for eligible, reasonable and necessary expenditures related to the Public Housing Units in accordance with the operating budget, as hereafter defined;

(2) Owner is required to operate and maintain the entire Property in accordance with the Ground Lease; and

g. Agent is responsible to Owner for the management of the Development in accordance with the foregoing (and, in the event that Agent believes that conflict or potential conflict exists among the foregoing authorities, Agent shall consult with Owner and Authority regarding the resolution thereof in accordance with Section 26 of this Agreement).

4. **Governing Documents**. The following are governing documents (**"Governing Documents"**) for the Public Housing Units with which the Managing Agent must comply:

   a. Regulatory and Operating Agreement dated as of even date herewith by and between the Owner and the Authority
   b. HACA Admissions and Continued Occupancy Policy
   c. Form of Public Housing Unit Dwelling Lease
   d. Exhibit E hereto: Insurance Requirements
   e. Exhibit F hereto: Management Performance Standards and Procedures
   f. Exhibit G hereto: Reporting Requirements and Procedures

   Owner is responsible for notifying Managing Agent of any changes to the above Governing Documents once such changes are acknowledged and approved in writing by HACA, and shall forward Managing Agent such changed documents along with an amendment to this Rider, a form of which is attached hereto as **Exhibit C**, to include such changes into the terms of this Rider.

5. **Resident Selection Requirements.** Agent shall select applicants for admission to the Public Housing Units using screening criteria that are consistent with the Public Housing Requirements (including the admissions and occupancy policies and local preferences, set forth in the Management Plan).

6. **Applicant Screening Procedures & Informal Review of Application Denials.** Applicant screening procedures will include verification of credit references and criminal background checks for all applicants, in accordance with procedures set forth in the resident selection plan included within the management plan for the Development (the "**Management Plan**") and the ACOP. Managing Agent shall also comply with the Management Plan and ACOP procedures regarding informal review of application rejections for all applicants, including procedures for review of eligibility or suitability determinations or denial of preferences for applicants to the Public Housing Units, consisting of a written statement of the reasons for rejection and an opportunity to meet with a person or persons designated by the Managing Agent other than the person who made the initial determination. In the event of a conflict between the Management Plan and the ACOP, the Management Plan shall control, unless otherwise required by the applicable Public Housing Requirements.

7. **Public Housing Unit Lease Requirements**. All leases executed with respect to the Public Housing Units shall use the form lease approved by the Authority, subject to variations made in accordance with the requirements of 24 CFR part 966, subpart A, as amended from time to time (**"Public Housing Unit Lease"**). Managing Agent will prepare all Public Housing Unit Leases on behalf of Owner and which shall identify Managing Agent as the property manager for

the Development. Owner is responsible for notifying the Managing Agent of any required changes to the Public Housing Unit Lease as such form may be amended from time to time by HACA. Public Housing Unit leases or lease riders shall be in accordance with the R&O. All Public Housing Unit leases shall include a list of all occupants of the Public Housing Unit. Residents who add occupants to a Public Housing Unit without Managing Agent's approval (except as otherwise provided in the Public Housing Unit Lease) shall be subject to eviction.

8. **Public Housing Unit Rents.** Agent shall ensure that each Resident of a Public Housing Unit contributes thirty percent (30%) of the family's adjusted gross income as rent in accordance with the ACOP and the Public Housing Requirements including 24 CFR part 5, or flat rents in accordance with 24 CFR § 960.253. In no event shall such rental calculations be modified without the prior written approval of Owner, the Authority and HUD.

9. **Public Housing Unit Security Deposits.** Managing Agent shall collect, deposit, and disburse security deposits, if required, in accordance with the Management Plan and the ACOP. Consistent with the Maryland Landlord Tenant Law, Managing Agent shall maintain a separate bank account or savings account for security deposits and said deposits shall be deposited with a bank or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation, or any successor agency thereto created by law. Managing Agent shall comply with any applicable state or local laws regarding security deposits, including, without limitation, any applicable laws concerning payment of interest thereon.

10. **Move-In, Move-Out, and Annual Inspections.** Managing Agent and each selected applicant shall conduct a joint inspection of that dwelling unit prior to move-in, and shall prepare a checklist of the unit's condition shall be signed by Managing Agent and the Resident upon occupancy. Prior to a planned move-out, Managing Agent and the Resident shall conduct a joint inspection of the unit. Where required repairs exceed normal wear and tear, Managing Agent shall resolve appropriate charges with the Resident consistent with the Management Plan. Semi-annual inspections of occupied units shall be conducted in order to ascertain the adequacy of care of the units by the resident and any necessary repairs.

11. **Resident Orientation.** As applicants are accepted for occupancy, Managing Agent shall conduct an orientation session with each family, including dialogue with the family regarding its interests and expectations at the Development. Responsibilities relating to the lease, rules and regulations, and Development policies shall be discussed. Instructions shall be provided to the new Residents for steps they must take in contribution to the maintenance of the unit.

12. **Grievance Procedures**. Owner will establish a Resident grievance procedure available to the occupants of all of the dwelling units in the Development. The grievance procedures applicable to the Residents of the Public Housing Units shall be in compliance with the requirements of section 6(k) of the Act and 24 CFR part 966, subpart B. All Resident grievance procedures are detailed in the Management Plan, and may not be inconsistent with the Authority's grievance procedures for the Residents of Authority-owned public housing. Such procedures shall provide for informal discussion and settlement of grievances by the Agent and hearing before a hearing officer appointed in accordance with procedures prescribed in the Management Plan.

13. **Income Recertification**. Managing Agent shall recertify the incomes of the occupants of the Public Housing Units at least annually in accordance with the ACOP and Management Plan.

14. **Public Housing Management Standards and High Performer Requirement.** Managing Agent certifies to Owner and Authority that, as Managing Agent, it shall undertake and perform all delegated duties and responsibilities in compliance with Public Housing Requirements, including but not limited to, requirements related to the HUD system of assessing the physical condition of units known as Public Housing Assessment System (**"PHAS"**) at 24 C.F.R Part 902 or any successor regulation addressing public housing management standards. Managing Agent shall provide PHAS reporting data, including but not limited to such information as work order turnaround time, eviction information, demographic information, completion of 100% annual physical inspections and coordination of re-inspections with HUD's Real Estate Assessment Center (**"REAC"**), and other data as required (including as required by any successor to PHAS), and shall maintain and operate any Public Housing Units and the structure, systems, and grounds of the Development in a manner that will obtain "high performer" scores on the applicable "PHAS Indicators" as more specifically set forth in paragraph 1 of **Exhibit F** hereto as may be amended from time to time (or that will obtain a comparable rating under any successor regulation). Failure to obtain "high performer" scores (or comparable rating under any successor regulation) shall be grounds for termination under Section 23 herein.

15. **Other Management Performance Standards.** Managing Agent further certifies to Owner and Authority that, as Managing Agent, it shall undertake and perform all delegated duties and responsibilities necessary to achieve compliance with **Exhibit F**, Management Performance Standards. Failure to meet the requirements therein shall be grounds for termination under Section 22 herein.

16. **Access to the Development by Regulatory Agencies.** Managing Agent shall provide access to the Development by the HACA, HUD, any agency providing funds to HACA, the Comptroller General of the United States, and any of their

authorized representatives for the purpose of inspection, subject to reasonable notice and accommodation of ongoing management responsibilities in the case of inspections requiring availability of management staff and subject to required notice to residents in the case of unit inspections of the Public Housing Units and the Development, and to conduct investigations authorized by the Public Housing Requirements.

17. **Record Keeping and Access by Regulatory Agencies.** Managing Agent shall establish and maintain a comprehensive system of records, books and accounts which may include computerized systems, in a manner consistent with the directives of HACA and otherwise reasonably satisfactory to HACA and Owner. Managing Agent agrees to grant a right of access to the HACA, HUD, any agency providing funds to HACA, the Comptroller General of the United States, and any of their authorized representatives, with respect to any books, documents, papers, or other records pertinent to this Agreement and the Development in order to make audits, examinations, excerpts, and transcripts including without limitation, the financial arrangement with anyone Managing Agent may delegate to discharge any part of its obligations under this Agreement.

18. **Confidentiality of Resident Records**. Subject to all reporting requirements set forth in this Rider, Managing Agent shall in all respects maintain, and shall require its employees and others with access to such information to maintain, the confidentiality of all resident information furnished.

19. **Management and Financial Reports.** Managing Agent shall compile and supply the Owner and HACA, as requested by the Owner, with such management and financial reports as are required by the R&O and **Exhibit G**, Reporting Requirements, attached hereto. Managing Agent acknowledges that as part of its fiduciary duty, HACA is required to provide monthly reporting to HUD and the HACA's Board of Commissioners. The Managing Agent is responsible for providing information, records and reports in form and substance consistent with both HUD reporting requirements and HACA's business practices, including as set forth in **Exhibit G** hereto. Such information, records and reports shall be in an electronic format prescribed by HACA and/or shall be directly entered by Managing Agent into HACA's electronic data system upon receiving training or instructions from HACA. Failure to meet the requirements in the R&O and **Exhibit G** hereto therein shall be grounds for termination pursuant to Section 23 herein.

20. **Compliance with Governmental Orders.** Managing Agent shall take such action as may be necessary to comply promptly with any and all regulations, governmental orders or other requirements affecting the Development, whether imposed by federal, state, county, or municipal authority, subject, however, to the limitations stated in the ACOP.

21. **Maintenance and Repair.**

a. Managing Agent shall cause the Development to be maintained in a good, safe and sanitary condition and in a rentable and tenantable state of repair, all in accordance with the Public Housing Requirements, the Development documents, and applicable Federal, State and local statutes and regulations.

b. Compensation (including fringe benefits) payable to the Agent's supervisory property manager and all off-site managerial, bookkeeping, and clerical personnel, as well as all local, state, and Federal taxes and assessments incident to the employment of such personnel will be borne solely by the Agent and not paid from the development operating account or treated as a Development expense, unless specifically accepted by Authority in the operating budget as an eligible public housing expense.

c. Agent and its employees shall at all times comply with the federal Drug Free Workplace Act of 1988, and HUD's implementing regulations thereunder.

d. Agent shall report promptly to Owner and Authority any litigation involving the Agent (relevant to the Development) or the Development.

22. **Insurance**. Managing Agent shall comply with the insurance requirements set forth in **Exhibit E** hereto.

23. **Grounds for Termination of Managing Agent.**

a. Any act or omission by the Managing Agent that causes the Owner to be in material default of the R&O is grounds for termination of the Management Agreement and Rider. If Managing Agent materially violates, breaches, or fails to comply with any provision of, or obligation under the R&O, Owner may terminate the Management Agreement and Rider, subject to the notice and opportunity for cure provisions provided for in the Management Agreement, Rider and R&O. The term "material violation" shall include, but not be limited to, any of the following: any act of misfeasance, malfeasance or nonfeasance by Managing Agent, its agents, licensees, contractors or invitees that directly or indirectly results in: (i) a significant operating deficit, provided that such deficit is not wholly caused by diminution in operating subsidies received from the Authority or other reductions in property income outside the control of the Agent (extended vacancies shall not, without other extenuating circumstances, be deemed outside of Agent's control); (ii) deteriorating

physical condition of any portion of the Development; (iii) loss or diminution of utilities or other services; (iv) failure to take timely action or correct any deficiency brought to the attention of Managing Agent by Owner, HACA, or HUD, including failure to address security and safety issues in a timely fashion; (v) failure to comply with any law, regulation, or court order affecting the Development, including, without limitation, the Public Housing Requirements; (vi) failure to achieve "high performer" status under PHAS or comparable rating under any successor regulation, as more specifically set forth in Section 14; (vii) failure to comply with **Exhibit G** hereto, as more specifically set forth in Section 19; or (viii) failure to take actions any prudent managing agent would take under the applicable circumstances including, without limitation, change in availability of operating subsidy or Public Housing Requirements. However, the Managing Agent is not responsible for failing to take action solely because of the unavailability of funds. Notwithstanding anything contained herein to the contrary, Owner shall have ability to terminate the Management Agreement and Rider upon direction of the HACA made in accordance with the R&O.

b. Under no circumstances shall Owner authorize any payment to the Managing Agent that exceeds an amount specified in the Management Agreement and this Rider (without a written amendment thereto). Owner may withhold final payment under the Management Agreement and this Rider until receipt from the Managing Agent of all reports required hereunder or completion of any financial audit.

24. **Unearned Funds**. Any unearned funds that have been paid to the Managing Agent and remain in its possession at the end of the term of the Management Agreement and this Rider, or at the time of termination of this Management Agreement and this Rider, shall be refunded to Owner within fifteen (15) calendar days thereafter.

25. **Reimbursement of Funds**. Upon notice from Owner, the Managing Agent shall immediately reimburse Owner for any amount received hereunder which shall be determined by Owner, HUD or HACA not to have been earned, e.g., Management Fees were collected on vacant units, or to have been used by Managing Agent in violation of the terms of the Management Agreement and this Rider. Such amounts are required to be returned to Authority as being excess to the needs of the project ("**Excess Income**"), provided, however, that Owner may direct Agent to retain such amounts in the Development operating account to reduce the need for operating subsidies for the Public Housing Units in the following fiscal year.

26. **Conflicts.** In the event of any conflict or inconsistency between any requirement contained in (a) the Public Housing Requirements and (b) the Development documents, the Tax Credit Restrictive Covenants and the

Management Agreement, then the Public Housing Requirements shall in all instances be controlling. In the instance of a conflict between the Management Agreement and the Rider, the Rider shall control.

27. **Disclaimer of Relationship with HUD.** Nothing contained in the ACC or the Management Agreement, nor any act of HUD or HACA, shall be deemed or construed to create any relationship of third party beneficiary, principal and agent, limited or general partnership, joint venture, or any association or relationship involving HUD, except between HUD and Authority as provided under the terms of the ACC.

28. **Transfer of Funds to the Managing Agent not an Assignment.** Managing Agent acknowledges that any transfer of Authority Assistance by Owner to Managing Agent shall not be deemed an assignment of such funds. Managing Agent will not succeed to any rights or benefits of Authority under the ACC or attain any privileges, authorities, interests, or rights in or under the ACC.

29. **Counterparts.** This Rider may be executed in counterparts, each of which shall be deemed original, but all of which, together, constitute one instrument.

30. **No Modification.** No change or modification of this Rider shall be valid unless the same is approved by HUD and HACA, and is in writing and signed by the parties hereto.

31. **No Waiver.** Neither the failure nor the delay of any party hereto to exercise any right, power or privilege under this Rider shall operate as a waiver thereof, nor shall any single or partial exercise of any other right, power or privilege.

32. **Severability.** If any provision hereof is found by a court of competent jurisdiction to be prohibited or unenforceable, it shall be ineffective only to the extent of such prohibition or unenforceability, and such prohibition or unenforceability shall not invalidate the balance of such provision to the extent it is not prohibited or unenforceable, nor invalidate the other provisions hereof, all of which shall be liberally construed in favor of Owner in order to effect the provisions hereof.

33. **Incorporation by Reference.** The exhibits and recitals to this Rider are incorporated by reference as if fully set forth herein.

34. **Notices.** Unless otherwise provided for herein, all notices and communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given a) three days after being sent, if by registered or certified mail (return receipt requested, postage prepaid), b) when delivered if delivered personally or c) one business day after being sent, if being sent by overnight mail or overnight courier, in each such case to the Authority and HUD at the addresses below and in accordance with the notice requirements of this Rider:

If to HACA:

Eric Brown
Executive Director
Housing Authority of the City of Annapolis
1217 Madison Street
Annapolis, MD 21403

With a copy to:

Megan Glasheen
Reno & Cavanaugh, PLLC
455 Massachusetts Avenue, NW, Suite 400
Washington, D.C. 20001

35. **Termination or Renegotiation**. The Managing Agent hereby agrees that Owner shall have the right to either terminate this Management Agreement and Rider or renegotiate with the Managing Agent any of the terms and conditions of this Management Agreement and Rider upon any material change in Federal, state and/or local rules or regulations governing public housing that significantly change the subsidy levels or the structure of the public housing program (such as conversion to vouchers). Owner and Managing Agent hereby agree that any renegotiation of the Management Agreement and Rider shall be in good faith and in an effort to continue to have the Managing Agent manage the Development on mutually acceptable terms and conditions.

36. **Conflict of Interest Provisions.**

a. Managing Agent shall abide by all rules of ethics of the following: its profession; federal law, including regulations of HUD; the State of Maryland and HACA's policies outlined herein.

b. Should HACA believe that a conflict of interest, as described in this Section 36, exists or may exist with respect to the Managing Agent, HACA shall notify the Owner in writing of its findings and, if applicable, of its intention to require Owner to terminate the Management Agreement within a period of thirty (30) calendar days. Within such period, the Managing Agent, through the Owner, may request a meeting with HACA, to present its arguments with respect to the determination that a conflict of interest exists, and if such a meeting is not requested within the time specified, or if the controversy is not otherwise satisfactorily resolved during such a meeting, Owner shall take such actions, as applicable, to cause the Management Agreement to be terminated.

c. In addition to any other applicable conflict of interest requirements, the Managing Agent warrants that neither it nor its subcontractors or a parent, subsidiary, or other company controlling, controlled by or in common control with the Managing Agent (**"Affiliates"**) have entered into, or will enter into arrangements in connection with the Management Agreement and this Rider in which any of the following classes of people has an interest, direct or indirect, during his or her tenure or for one (1) year thereafter:

   i. Any present or former member or officer of the governing body of HACA, or any member of the member's or officer's immediate family. There shall be excepted from this prohibition any present or former Resident commissioner who does not serve on the governing body of a resident corporation, and who otherwise does not occupy a policy making position with the resident corporation, HACA or a business entity.

   ii. Any employee of HACA who formulates policy or who influences decisions with respect to the project(s), or any member of the employee's immediate family, or the employee's partner.

   iii. Any public official, member of the local governing body or State or local - legislator, or any member of such individuals' immediate family, who exercises functions or responsibilities with respect to the project(s) or HACA.

   iv. Any member of or delegate to the Congress of the United States of America.

d. For purposes of Section 36(c), the term "immediate family member" means the spouse, mother, father, brother, sister, or child of a covered class member (whether related as a full blood relative, or as a "half," or "step" relative, e.g., a half-brother or stepchild).

e. The Managing Agent shall insert the terms and conditions of this Section 36(b) in any subcontracts entered into by it in connection with the Development.

f. Any member of the classes listed in Section 36(c) must disclose the member's interest to HACA and to HUD.

g. The prohibitions listed in Section 36(c) may be waived by HACA and HUD for good cause if permitted under State and local law. No person for whom a waiver is requested may exercise responsibilities or functions with respect to the contract to which the waiver pertains.

h. The Managing Agent agrees that if after execution of this Management Agreement or Rider it discovers an organizational conflict of interest with respect to the Management Agreement and this Rider, it shall make an immediate and full disclosure in writing to HACA and Owner which shall

include a description of the action which the Managing Agent has taken or intends to take to eliminate or neutralize the conflict, except that if the Managing Agent was aware or became aware of an organizational conflict of interest before or after the execution of this Management Agreement and Rider and intentionally did not disclose the conflict to Owner and HACA, HACA may require the Owner to terminate the Management Agreement and Rider for cause.

i. The Managing Agent covenants not to employ an employee of HACA for a period of one (1) year after the date of termination of this Management Agreement and Rider without the prior, written approval of HACA.

37. Miscellaneous Provisions. Each provision of law and any terms required by law to be in the Management Agreement and this Rider are deemed to form a part of the Management Agreement and this Rider as if fully stated in it.

a. Owner's or Managing Agent's failure to insist on strict performance of any term or condition of the Management Agreement or Rider shall not be deemed a waiver of that term or condition even if the party accepting or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object to it.

b. The Managing Agent and its staff shall provide to Owner and maintain all licenses, certificates, permits and authority necessary to do business and render services under the Management Agreement and this Rider, including those required under Section 3 hereof and by the State of Maryland and shall comply with all laws regarding unemployment insurance, disability insurance and Workers' Compensation.

c. Managing Agent agrees that it will not divulge any confidential matter that may come to its knowledge during the course of performance of the Management Agreement and this Rider relating to HACA's business, processes, or operations.

d. Managing Agent shall not disparage HACA in any public comments, whether to residents, the media, or other third parties. Managing Agent shall direct all media inquiries regarding HACA, its operations or the Public Housing Units, to HACA and shall cooperate with HACA with respect to all media requests.

e. To the extent possible, Managing Agent shall not allow liens to be placed on HACA property or filed against HACA as a result of contracts or arrangements entered into by Managing Agent on behalf of Owner. Managing Agent agrees, to the fullest extent permitted by law, to defend, indemnify, and hold HACA harmless from any lien, claim, proceeding, or liability arising from such lien.

f. Regardless of any dispute, claim or cause of action between the Owner and Managing Agent, but prior to any termination of the Management Agreement and this Rider as provided for in the Management Agreement and this Rider, the parties shall proceed with the performance of their respective obligations under the Management Agreement and this Rider.

38. **Operating Budgets.** Agent and Owner shall prepare a recommended annual operating budget for the Development for each Development fiscal year during the term of this Agreement, and shall submit the same to the Authority at least one hundred twenty (120) days before the beginning of such fiscal year.

39. **Records, Reports, Access and Audit.** In addition to any requirements specified in the Management Plan or other provisions of this Agreement, Agent shall have the following responsibilities:

a. Managing Agent shall establish and maintain a comprehensive system of records, books and accounts which may include computerized systems, in a manner conforming to the directives of the Authority and otherwise satisfactory to HUD and Owner. Agent agrees to grant a right of access to the Authority, HUD, any agency providing funds to Authority, the Comptroller General of the United States, and any of their authorized representatives, with respect to any books, documents, papers, or other records pertinent to this Agreement in order to make audits, examinations, excerpts, and transcripts.

b. Authority, HUD, any agency providing funds to Authority, the Comptroller General of the United States, or any of their duly authorized representatives, shall have the right to perform any audit of Agent's finances and records related to its performance under this Agreement, including without limitation, the financial arrangement with anyone Agent may delegate to discharge any part of its obligations under this Agreement.

c. In accordance with the R&O, Owner or Agent shall cause an annual financial report to be prepared for each fiscal year ending during the term of this Agreement by a certified public accountant elected by Owner and acceptable to HUD and the Authority, based upon the preparer's examination of the books and records of Owner and Agent. The report shall be prepared in accordance with the directives of the Authority, shall be certified by the preparer, and shall be submitted to Owner and the Authority within one hundred twenty (120) days after the end of the fiscal year, for Owner's further certification and submission to the Authority. Compensation for the preparer's services shall be paid out of the Development operating account as an expense of the Development.

d. Agent shall prepare a report, in form satisfactory to the Authority and HUD, including financial statements of income and expense and comparing actual and budgeted figures for receipts and disbursements. Agent shall submit each report to Owner and the Authority within fifteen (15) days after the end of the month or calendar quarter (as required by Owner and Authority).

[SIGNATURE PAGES FOLLOW]

This Rider for Public Housing Requirements shall be binding upon the successors and assigns of Managing Agent and the heirs, administrators, executors, successors and assigns of Owner.

IN WITNESS WHEREOF, the parties hereto have affixed or caused to be affixed their respective signatures this 29th day of September, 2009.

Owner: **ANNAPOLIS COMMUNITY, DEVELOPMENT PARTNERS, LLC,** a Maryland limited liability company

By: Landex Development, LLC, its Managing Member

By: _____

By: Peter S. Siegel, its Sole Member

Managing Agent: **LANDEX MANAGEMENT, LLC**

By: _____

Exhibit A

HACA Admissions and Continued Occupancy Policy

[Dated January 29, 2008 and provided separately to Landex]

Exhibit B

RESERVED

Exhibit C

Form of Amendment to Rider

[SEE FOLLOWING PAGE]

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

[FIRST] AMENDMENT TO
MANAGEMENT AGREEMENT RIDER FOR PUBLIC HOUSING REQUIREMENTS
FOR
ANNAPOLIS GARDENS AND BOWMAN COURT

This [First] Amendment to Management Agreement Rider (**"Amendment"**) is entered into as of _____, 20__ by and between Annapolis Community Development Partners, LLC (**"Owner"**) and Landex Management, LLC (**"Managing Agent"**).

WHEREAS, Owner and Managing Agent executed that certain Management Agreement Rider as of _____, 200__, as may have been amended from time to time (**"Rider"**), specifying the Managing Agent's duty to carry out certain requirements of the Owner arising from the Owner's obligations to the Housing Authority of the City of Annapolis (**"HACA"** or the **"Authority"**) to operate seventy-five (75) units (**"Public Housing Units"**) in Annapolis Gardens/Bowman Court (the **"Development"**) as public housing pursuant to certain agreements with HACA and in accordance with the requirements of the U.S. Department of Housing and Urban Development (**"HUD"**);

WHEREAS, certain of the Governing Documents, as that term is defined in the Rider, have been amended since the execution of the Rider, with such changes having been acknowledged and approved in writing by HACA; and

WHEREAS, Owner is responsible for forwarding to Managing Agent such changed Governing Documents, along with this Amendment to the Rider.

NOW, THEREFORE, in consideration of the recitals set forth above and the mutual agreements set forth in this Amendment, the parties agree as follows:

1. **Recitals**. The Recitals set forth above are made a part of this Amendment.

2. **Amendment of Rider.**

   a. **Exhibit** ___ to the Rider is amended by replacing it with a new **Exhibit** ___, which is attached to this Amendment as **Exhibit A.**

   b. **Exhibit** ___ to the Rider is amended by replacing it with a new **Exhibit** ___, which is attached to this Amendment as **Exhibit B.**

3. **All Other Terms Unchanged.** Except as amended by this Amendment, all other terms of the Rider shall remain in full force and effect and are ratified and confirmed.

4. **Counterparts.** This Amendment may be executed in counterparts, and each counterpart shall, for all purposes for which an original of this Amendment must be produced or exhibited, be the Amendment, but all such counterparts shall constitute one and the same instrument.

(SIGNATURES ARE ON THE FOLLOWING PAGE)

This Amendment shall be binding upon the successors and assigns of Managing Agent and the heirs, administrators, executors, successors and assigns of Owner.

IN WITNESS WHEREOF, the parties hereto have affixed or caused to be affixed their respective signatures this ___ day of _____, 20___.

Owner: **ANNAPOLIS COMMUNITY, DEVELOPMENT PARTNERS, LLC,** a Maryland limited liability company

By: Landex Development, LLC, its Managing Member

By: _____

By: Peter Siegel, its Sole Member

Managing Agent: **LANDEX MANAGEMENT, LLC**

By: _____

[ATTACH EXHIBITS AS NEEDED]

Exhibit D

RESERVED

Exhibit E

Insurance Requirements

On or before the date of the Management Agreement Rider for Public Housing Requirements, Managing Agent shall procure and maintain on behalf of Owner, at all times during the term of the Rider, the insurance required by the operating agreement or limited partnership agreement of the Owner and such additional fire and casualty insurance, public liability insurance and other insurance in forms, amounts and with such deductibles as are satisfactory to Owner.

Owner agrees that Managing Agent and the Housing Authority of the City of Annapolis each will be included as an additional named insured under policies of insurance covering the project relative to public liability.

Managing Agent shall procure and maintain at all times during the term of this Rider, on its own behalf and at its own expense, comprehensive general liability insurance on its entire business operation and comprehensive automobile insurance liability covering all automobiles in Managing Agent's business, including non-owned vehicles. The comprehensive general liability insurance shall insure bodily injury and property damages for a minimum combined single limit of One Million ($1,000,000) Dollars and shall include uninsured motorist insurance with a minimum combined single limit of Sixty Thousand ($60,000) Dollars. Equivalent personal injury and property damage coverage shall be included. Managing Agent shall cause its insurer to name Owner as an additional insured and shall issue a certificate of insurance to Owner within thirty (30) days of the date of the Rider. Said policies shall provide at least thirty (30 days advance notice to Owner of any suspension or cancellation of any material change in policy limits, benefits or coverages. Further, in the event Managing Agent utilizes or contracts with third party contractors and subcontractors, Managing Agent shall require such contractors and subcontractors to carry the same insurance coverages required above and shall furnish Owner with copies of such insurance policies, including proof that Owner is named by such contractors and subcontractors as an additional insured.

In the event Managing Agent or Owner utilizes or contracts with third party contractors and subcontractors (including providers of temporary employees), Managing Agent or Owner shall require such contractors and subcontractors to carry the same insurance coverages as required of Managing Agent pursuant to the above paragraphs and shall furnish each other with copies of such insurance policies, including proof that the Detroit Housing Commission and each other party is named by such contractors and subcontractors as an additional insured.

Managing Agent and Owner each releases and discharges the Housing Authority of the City of Annapolis and each the other party, and any director, officer, agent, manager, member, employee or representative of such party, from any liability whatsoever arising from loss, damage or injury, for any reason, for which insurance is carried by the insured

party at the time of such loss, damage or injury, to the extent of any recovery by the insured party.

Managing Agent shall provide to Owner documentation evidencing that all of the insurance required by this Exhibit D is valid and in full force and effect as of the date of this Rider.

Exhibit F

Management Performance Standards and Procedures

1. **PHAS INDICATORS.** As referenced in Section 14 of the Rider, this Paragraph 1 of Exhibit F to the Rider contains information regarding the PHAS Indicators.
   a. The PHAS Indicators are as follows:
      i. Physical Condition (30 points)
      ii. Financial Operations Within Low-Rent Budget (30 points)
      iii. Management Operations (30 points)
         1. Unit turnaround time 20 days or less
         2. Modernization (Managing Agent shall not be responsible for items 1.a.iii.a-c)
            a. Adequacy of contract administration
            b. Quality of physical work
            c. Adequacy of budget controls
         3. Work orders
            a. Emergency work orders within 24 hours or less
            b. Non-Emergency work orders within 5 days or less
         4. Inspections of units and systems
            a. Annual inspections of units
            b. Annual inspections of systems
         5. Security
            a. Tracking/reporting crime-related problems
            b. Lease enforcement
         6. 95% rent collection or better
         7. 97% occupancy rate or better
   b. The PHAS Indicators shall be scored as follows:
      i. The Physical Condition PHAS Indicator shall be scored by taking the sum of the REAC physical condition scores for the Development and dividing that sum by 100 and then multiplying that result by 30.
      ii. The Financial Operations Within Low-Rent Budget PHAS Indicator shall be scored by taking the sum of the Development's Operating Budget and subtracting the sum of the actual year to date June 30 ending operating expenses for the Development.
      iii. A total of 30 points will be scored for amounts at or below the sum of the Operating Budgets. One point will be deducted (from 30 points) for each 1% over the sum of the Operating Budgets.
      iv. The Management Operations PHAS Indicator shall be scored in accordance with HUD regulations.

The Parties acknowledge that HUD may update, revise or amend the PHAS Indicators as laid out above. When HUD makes any such updates, revisions, or amendments, the new

PHAS Indicators shall be deemed to be incorporated herein as if originally set forth herein. The Agent shall be responsible for adherence to then-current PHAS Indicators as established by HUD such that a "high-performer" score would be obtained.

2. **UNIFORM PHYSICAL CONDITIONS STANDARDS.**

a. The Managing Agent must submit a Uniform Physical Conditions Standards (**"UPCS"**) Certification for ten percent (10%) of the units in the Development (**"Certification"**) every month prior to being paid the Management Fee, unless by May 1 of a given year, HACA notifies Managing Agent in writing that inspections for the upcoming fiscal year commencing July 1 will be contracted by HACA. In that event, the costs of the inspections contracted by HACA will be charged as a cost of the Development.

b. The Certification shall be accompanied by a summary report of the inspections done using an Inspection Summary Report (in a format to be provided by HACA) covering all units and common areas of the Development, noting conditions which do not meet UPCS.

c. The first Certification shall be due no later than one hundred twenty (120) calendar days after the Commencement Date, and thereafter on the tenth (10th) day of each month during the term of this Agreement and Rider.

d. On a quarterly basis Owner shall deduct from each month's Management Fee amounts paid to Managing Agent in the previous quarter for units in the Development that did not meet UPCS within thirty (30) calendar days after an inspection, specifically excluding those units which were vacant, or, if occupied, did not meet UPCS standards because they required capital improvements.

e. Owner will reinspect units that did not meet the UCPS standards after sixty (60) calendar days in order to insure that the appropriate corrective action has taken place.

3. **RESIDENT FILE MAINTENANCE.**

a. **The Managing Agent must maintain files for each resident and** for each unit in the Development in an organized, confidential manner in accordance with this Agreement and Rider and HUD rules and regulations.

b. The Managing Agent agrees to photocopy and distribute memoranda, notices, and other documents to residents of the Development as required by Owner.

c. Each resident file must contain:

   i. Emergency Contact Information;
   ii. Move-in/move-out inspection;
   iii. Original lease;
   iv. Original executed lease addenda and/or amendments;
   v. Utility Service Agreement;

vi. Lead-Based Paint Information;
vii. Citizenship 214 Status Form(s);
viii. Criminal Background Check Information;
ix. Picture Identification (Driver/State ID/Student);
x. Social Security Number (copy of card);
xi. Birth Certificate(s) for all Household Members;
xii. Initial Application for Public Housing;
xiii. Live-In Aide Verification (if applicable);
xiv. Guardianship Verification (if applicable);
xv. Residential Transfer Request (if applicable);
xvi. Rent Adjustment Documents (if applicable);
xvii. Medical Questionnaire (if applicable);
xviii. Other (e.g. Letters/Notices to resident, legal notices, resident correspondence, damage claims, etc.) in chronological order and notifications;
xix. Rent Determination Notice (completed recertification letter);
xx. HUD Form 50058 (current);
xxi. Privacy Act Form 9886;
xxii. Income/Asset/Expense Questionnaire(s);
xxiii. Resident Supplied Documents in support of Income/Asset/Expense Questionnaire;
xxiv. Asset Verification;
xxv. Resident Supplied Documents in support of Asset Verification;
xxvi. Expense Verification;
xxvii. Resident Supplied Documents in support of Expense Verification;
xxviii. Rent Calculation Worksheet (with calculation tape attached);
xxix. Application for Continued Occupancy;
xxx. Recertification Appointment Notice (s); and
xxxi. Such other documents as may be required by HUD and/or HACA from time to time.

d. Each unit file must contain:
   i. Unit inspection sheet;
   ii. Work order request/completion forms;
   iii. Correspondences and notifications;
   iv. A lead-based paint hazard statements, literature and brochures, if required, and,
   v. Occupancy record.

4. **MAINTENANCE.**

a. The Managing Agent shall be responsible for maintaining the Development in a decent, safe, and sanitary condition in accordance with the Management Plan, local codes and ordinances and the UPCS standards, including but not limited to:
   i. Cleaning, painting, decorating, plumbing, carpentry, grounds care, and such other maintenance and repair work as may be necessary,

subject to any limitations imposed by Owner in addition to those limitations contained in this Agreement;

ii. Securing vacant units against unauthorized entry by trespassers and damage by natural elements in accordance with the applicable codes and ordinances of the City of Annapolis, Maryland;

iii. Removing trash and rubbish from common areas and vacant dwelling units as necessary for a clean and neat appearance, and as provided in local health and sanitary codes;

iv. Maintaining, mowing and edging lawn areas, maintaining and trimming shrubbery, bushes and trees, trimming and weeding fence lines and around planting beds, alley right-of-ways and sidewalk areas, raking leaves and removing litter and debris from the grounds, as needed for a clean and neat appearance and elimination of dangerous conditions;

v. Motivating and educating residents to maintain a clean environment through organized programs;

vi. Developing and providing day-to-day routine and emergency maintenance programs as well as an efficient work order system to respond to daily service calls and to repair any damage to the Development property or units via a 24-hour emergency response system; and

vii. Developing a preventative maintenance schedule and maintaining the units and all common areas in compliance with UPCS and PHAS at all times.

5. **DRUG-FREE WORKPLACE**. Managing Agent shall provide a drug-free workplace for its on-site employees, and shall ensure that all its on-site employees (a) pass a drug and alcohol test periodically after being hired (in accordance with the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D, and the regulations at 24 CFR § 24, Subpart F)), and (b) receive an acceptable police background check semi-annually.

Exhibit G

Reporting Requirements and Procedures

1. A report (the **"Report"**) is due on the fifteenth (15th) day of each month consisting of the following:
   a. An Executive Summary providing a property summary, highlights of current work, capital improvements, and other pertinent issues relative to the current reporting period. The Executive Summary will also include a narrative explaining income and expense variances of 10% or $1000, whichever is greater.
   b. A Rent Roll summarizing the total rental charges and number of Residents billed for the current period.
   c. An Average Rent Amount Report showing the average rent billed by bedroom size.
   d. A Resident/Family Profile Listing showing the name, relationship, unit identification, address, age, sex, and dependency status of each resident within a unit.
   e. An Aged Delinquency Report summarizing charges (rent, security deposits, excess utilities, retro rent, maintenance, legal and late fees) billed but not collected for active and terminated Residents.
   f. Reports (Monthly Detail of Charges, Monthly Summary of Charges, Monthly Detail of Adjustments, Monthly Detail of Write-offs) detailing monthly charges, adjustments, and write-offs by residents during the current period and Residents Accounts Receivable (TARs) Reconciliation between general ledger and trial balance of Residents accounts receivable.
   g. A Security Deposit Status Report showing resident, resident identification number, unit number, move-in date, active or terminated status, current rent, total deposit charged, amount of deposit received, unpaid balance, and security deposit amount charged.
   h. A Security Deposit Account Activity Reports showing detail of security deposits received, refunded, and applied during current period and a Security Deposit Reconciliation between the general ledger and cumulative security deposit activity (receipts, refunds, adjustments, and applications).
   i. A Bank Deposit Records report showing deposits made during the reporting period by date, project number, resident, resident identification number, amount, deposit number and applicable comments and a Summary of Receipts and Monthly Detail of Returned Checks reporting monthly detail of receipts and returned checks.
   j. Financial Statements to include comparative analysis of receipts and disbursements (Operating Statement) by major HUD category compared with 1/12th of the current Operating Budget, the previous month, and cumulative total to date. Such analysis shall be consistent with the Operating Budget line items and HACA's recommended chart of accounts. Also, as it relates to this Agreement, reports presenting the assets, liabilities,

and retained earnings (surplus) of the Managing Agent (Balance Sheet), and detailed activity effecting each General Ledger account during the reporting period.

k. A statement of disbursements (Cash Disbursements Journal) made during the reporting period itemized by check number, date paid, payee, invoice number, purpose, and the amount of all disbursements made during the period.

l. An Accounts Payable Aging report itemized by HUD account number, vendor, date of invoice, invoice number, purpose and amount of all accounts payable arranged to show amounts over 60 days, 31 – 59 days, under 30 days, and total.

m. A schedule of accounts receivable and payable and reconciled bank statements (Bank Reconciliations) for all accounts maintained by the Managing Agent on behalf of Owner or HACA, reflecting disbursements and deposit amounts at the end of the reporting period.

n. Monthly Cash Reconciliation reconciling: (1) cash from Balance Sheet, general ledger and the various bank reconciliations; (2) monthly receipts from system report, general ledger, and deposit records; (3) revenue from general ledger and system reports; and (4) security deposit receipts reflected in general ledger and system report.

o. A Management Fee Expense Voucher for payment of Managing Agent's Management Fees for the month.

p. HUD Report 52295 capturing uncollected receivables for active residents, showing resident's name, social security number, unit number, balance, description (i.e., rent, retro rent, etc.), balance under 30 days, balance over 30 days, warrant/writ or other type of litigation. Write-off Schedule reporting write-offs during reporting period; Bad Debt Report showing balances added to bad debt during reporting period; Writ Statistics showing cumulative monthly summary of writ executions; Eviction Register (same as legal activity) showing residents evicted during reporting period; Unit Turnover Schedule reporting monthly unit turnover and year to date totals; and copies of each agreement between resident and Managing Agent acknowledging amount due with installment plan for payment (Repayment Schedule).

q. Other Reports to include MBE/WBE report on the status of the Managing Agent's compliance with its approved MBE/WBE Participation Plan; a list of Residents Leaving Owing Balances; Demographics Report relative to number of bedroom size, families, elderly, disabled, handicapped, and race; Extraordinary Maintenance Detail and Equipment Replacement & Additions schedules showing purchases made during reporting period for non-routine expenditures including Replacement of Equipment, Betterment & Additions, and Extraordinary Maintenance by item, description, and cost.

r. Resident Services report on the progress of resident and social services programs and activities occurring during the reporting period and a report on the minimum renters including status of efforts being taken to increase income.

s. Protective Services activity report showing the number of crime related incidents during current reporting period.

t. PHAS Required Reports not included above including weekly occupancy and leasing activity, work order logs as prescribed by Owner, HACA and/or QHWRA reports.

2. A UPCS Certification is required to be submitted to the Owner as set forth in paragraph 2 of Exhibit F to the Rider.

3. Managing Agent shall, promptly upon execution of this Management Agreement and Rider, submit to HACA and the Owner the lobbying certification and lobbying disclosure form in the format and frequency required by 24 CFR Part 87 – New Restrictions on Lobbying, as amended.