

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2016

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission File Number 001-36369**

**BLUEROCK RESIDENTIAL GROWTH REIT, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Maryland**

(State or other Jurisdiction of Incorporation or Organization)

**26-3136483**

(I.R.S. Employer Identification No.)

**712 Fifth Avenue, 9th Floor, New York, NY**

(Address or Principal Executive Offices)

**10019**

(Zip Code)

**(212) 843-1601**

(Registrant's Telephone Number, Including Area Code)

**None**

(Former name, former address or former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Non-Accelerated Filer

(Do not check if a smaller reporting company)

Accelerated Filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

**Number of shares outstanding of the registrant's  
classes of common stock, as of November 1, 2016:  
Class A Common Stock: 19,566,791 shares**

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**BLUEROCK RESIDENTIAL GROWTH REIT, INC.**  
**FORM 10-Q**  
**September 30, 2016**

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**PART I – FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**BLUEROCK RESIDENTIAL GROWTH REIT, INC.  
CONSOLIDATED BALANCE SHEETS  
(In thousands, except share and per share amounts)**

	(Unaudited) September 30, 2016	December 31, 2015
<b>ASSETS</b>		
Net Real Estate Investments		
Land	\$ 89,330	\$ 65,057
Buildings and improvements	626,854	474,608
Furniture, fixtures and equipment	21,615	17,155
Total Gross Real Estate Investments	737,799	556,820
Accumulated depreciation	(35,266)	(23,437)
Total Net Real Estate Investments	702,533	533,383
Cash and cash equivalents	130,521	68,960
Restricted cash	24,751	11,669
Due from affiliates	961	861
Accounts receivable, prepaid and other assets	10,313	6,742
Preferred equity investments and investments in unconsolidated real estate joint ventures	92,558	75,223
In-place lease intangible assets, net	1,269	2,389
<b>Total Assets</b>	<b>\$ 962,906</b>	<b>\$ 699,227</b>
<b>LIABILITIES AND EQUITY</b>		
Mortgages payable	\$ 525,036	\$ 380,102
Accounts payable	514	587
Other accrued liabilities	14,350	7,013
Due to affiliates	2,152	1,485
Distributions payable	5,973	3,163
<b>Total Liabilities</b>	<b>548,025</b>	<b>392,350</b>
8.250% Series A Cumulative Redeemable Preferred Stock, liquidation preference \$25.00 per share, 10,875,000 and 2,875,000 shares authorized, and 5,721,460 and 2,875,000 issued and outstanding as of September 30, 2016 and December 31, 2015, respectively	138,130	69,165
Series B Redeemable Preferred Stock, liquidation preference \$1,000 per share, 150,000 shares authorized, 8,827 and none issued and outstanding as of September 30, 2016 and December 31, 2015, respectively	7,698	—
7.6250% Series C Cumulative Redeemable Preferred Stock, liquidation preference \$25.00 per share, 4,000,000 and no shares authorized, and 2,323,750 and none issued and outstanding as of September 30, 2016 and December 31, 2015, respectively	56,076	—
<b>Stockholders' Equity</b>		
Preferred stock, \$0.01 par value, 234,975,000 shares authorized; none issued and outstanding	—	—
Common stock - Class A, \$0.01 par value, 747,586,185 shares authorized; 19,566,437 and 19,202,112 shares issued and outstanding as of September 30, 2016 and December 31, 2015, respectively	196	192
Common stock - Class B-3, \$0.01 par value, 804,605 shares authorized; none and 353,629 shares issued and outstanding as of September 30, 2016 and December 31, 2015, respectively	—	4
Additional paid-in-capital	254,770	248,484
Distributions in excess of cumulative earnings	(71,249)	(41,496)
<b>Total Stockholders' Equity</b>	<b>183,717</b>	<b>207,184</b>
<b>Noncontrolling Interests</b>		
Operating partnership units	2,432	2,908
Partially owned properties	26,828	27,620
<b>Total Noncontrolling Interests</b>	<b>29,260</b>	<b>30,528</b>
<b>Total Equity</b>	<b>212,977</b>	<b>237,712</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 962,906</b>	<b>\$ 699,227</b>

See Notes to Consolidated Financial Statements

**BLUEROCK RESIDENTIAL GROWTH REIT, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)**  
(In thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
<b>Revenues</b>				
Net rental income	\$ 18,572	\$ 11,049	\$ 52,013	\$ 29,611
Other property revenues	1,052	511	2,644	1,454
<b>Total revenues</b>	<u>19,624</u>	<u>11,560</u>	<u>54,657</u>	<u>31,065</u>
<b>Expenses</b>				
Property operating	7,538	4,698	21,519	12,924
General and administrative	1,177	1,246	4,155	2,912
Management fees	1,866	896	4,495	3,051
Acquisition costs	689	739	2,143	1,409
Depreciation and amortization	7,166	3,993	22,465	10,499
<b>Total expenses</b>	<u>18,436</u>	<u>11,572</u>	<u>54,777</u>	<u>30,795</u>
<b>Operating income (loss)</b>	<u>1,188</u>	<u>(12)</u>	<u>(120)</u>	<u>270</u>
<b>Other income (expense)</b>				
Other income	26	—	26	62
Preferred returns and equity in income of unconsolidated real estate joint ventures	3,074	2,366	8,617	4,391
Equity in gain on sale of unconsolidated real estate joint venture interests	—	11	—	11,303
Gain on sale of real estate investments	4,947	—	4,947	—
Loss on early extinguishment of debt	(2,393)	—	(2,393)	—
Interest expense, net	(5,274)	(2,967)	(14,091)	(7,985)
<b>Total other income (expense)</b>	<u>380</u>	<u>(590)</u>	<u>(2,894)</u>	<u>7,771</u>
<b>Net income (loss)</b>	<u>1,568</u>	<u>(602)</u>	<u>(3,014)</u>	<u>8,041</u>
<b>Preferred stock dividends</b>	(3,940)	—	(8,391)	—
<b>Preferred stock accretion</b>	(275)	—	(568)	—
<b>Net (loss) income attributable to noncontrolling interests</b>				
Operating partnership units	(37)	(8)	(173)	57
Partially-owned properties	(59)	(20)	(73)	5,827
<b>Net (loss) income attributable to noncontrolling interests</b>	<u>(96)</u>	<u>(28)</u>	<u>(246)</u>	<u>5,884</u>
<b>Net (loss) income attributable to common stockholders</b>	<u>\$ (2,551)</u>	<u>\$ (574)</u>	<u>\$ (11,727)</u>	<u>\$ 2,157</u>
<b>Net (loss) income per common share - Basic</b>	<u>\$ (0.12)</u>	<u>\$ (0.03)</u>	<u>\$ (0.57)</u>	<u>\$ 0.13</u>
<b>Net (loss) income per common share – Diluted</b>	<u>\$ (0.12)</u>	<u>\$ (0.03)</u>	<u>\$ (0.57)</u>	<u>\$ 0.13</u>
<b>Weighted average basic common shares outstanding</b>	<u>20,908,543</u>	<u>20,166,384</u>	<u>20,706,338</u>	<u>16,383,736</u>
<b>Weighted average diluted common shares outstanding</b>	<u>20,908,543</u>	<u>20,166,384</u>	<u>20,706,338</u>	<u>16,396,038</u>

See Notes to Consolidated Financial Statements

**BLUEROCK RESIDENTIAL GROWTH REIT, INC.**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**  
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (Unaudited)**  
(In thousands, except share and per share amounts)

	<u>Class A Common Stock</u>		<u>Class B-3 Common Stock</u>		<u>Additional Paid- in Capital</u>	<u>Cumulative Distributions</u>	<u>Net loss to Common Stockholders</u>	<u>Noncontrolling Interests</u>	<u>Total Equity</u>
	<u>Number of Shares</u>	<u>Par Value</u>	<u>Number of Shares</u>	<u>Par Value</u>					
<b>Balance, January 1, 2016</b>	19,202,112	\$ 192	353,629	\$ 4	\$ 248,484	\$ (32,001)	\$ (9,495)	\$ 30,528	\$ 237,712
Issuance of Class A common stock, net	3,196	-	-	-	38	-	-	-	38
Conversion of Class B-3 into Class A shares	353,629	4	(353,629)	(4)	-	-	-	-	-
Vesting of restricted stock compensation	-	-	-	-	130	-	-	-	130
Issuance of stock for director compensation	7,500	-	-	-	77	-	-	-	77
Issuance of Long-Term Incentive Plan ("LTIP") units	-	-	-	-	3,902	-	-	-	3,902
Issuance of LTIP units for compensation	-	-	-	-	1,996	-	-	-	1,996
Series B warrants	-	-	-	-	144	-	-	-	144
Contributions from noncontrolling interests, nets	-	-	-	-	-	-	-	4,142	4,142
Distributions declared	-	-	-	-	-	(18,026)	-	(265)	(18,291)
Series A Preferred Stock distributions declared	-	-	-	-	-	(7,383)	-	-	(7,383)
Series A Preferred Stock accretion	-	-	-	-	-	(462)	-	-	(462)
Series B Preferred Stock distributions declared	-	-	-	-	-	(106)	-	-	(106)
Series B Preferred Stock accretion	-	-	-	-	-	(49)	-	-	(49)
Series C Preferred Stock distributions declared	-	-	-	-	-	(902)	-	-	(902)
Series C Preferred Stock accretion	-	-	-	-	-	(57)	-	-	(57)
Distributions to noncontrolling interests	-	-	-	-	-	-	-	(2,844)	(2,844)
Redemption of operating partnership units	-	-	-	-	(21)	-	-	(38)	(59)
Noncontrolling interest related to sale of Springhouse at Newport News	-	-	-	-	20	-	-	(2,017)	(1,997)
Net loss	-	-	-	-	-	-	(2,768)	(246)	(3,014)
<b>Balance, September 30, 2016</b>	<u>19,566,437</u>	<u>\$ 196</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 254,770</u>	<u>\$ (58,986)</u>	<u>\$ (12,263)</u>	<u>\$ 29,260</u>	<u>\$ 212,977</u>

See Notes to Consolidated Financial Statements

**BLUEROCK RESIDENTIAL GROWTH REIT, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**  
(In thousands, except share and per share amounts)

	Nine Months Ended September 30,	
	2016	2015
<b>Cash flows from operating activities</b>		
Net (loss) income	\$ (3,014)	\$ 8,041
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	23,481	10,824
Amortization of fair value adjustments	(318)	(204)
Preferred returns and equity in income of unconsolidated real estate joint ventures	(8,617)	(4,391)
Equity in gain on sale of real estate assets of unconsolidated joint ventures	-	(11,303)
Gain on sale of real estate assets	(4,947)	-
Loss on early extinguishment of debt	(1,104)	-
Distributions of income and preferred returns from preferred equity investments and unconsolidated real estate joint ventures	8,277	6,958
Share-based compensation attributable to directors' stock compensation plan	207	102
Share-based compensation to Manager - LTIP Units	5,898	4,203
Changes in operating assets and liabilities:		
Due (from) to affiliates, net	707	734
Accounts receivable, prepaid and other assets	(3,570)	(3,329)
Accounts payable and other accrued liabilities	7,260	4,232
<b>Net cash provided by operating activities</b>	<b>24,260</b>	<b>15,867</b>
<b>Cash flows from investing activities:</b>		
Acquisitions of real estate investments	(178,382)	(116,952)
Capital expenditures	(3,992)	(2,470)
Proceeds from sale of unconsolidated real estate joint venture interests	-	15,590
Proceeds from sale of real estate assets	36,675	-
Purchases of interests from noncontrolling interests	(3,148)	(7,866)
Investment in unconsolidated real estate joint venture interests	(17,135)	(45,192)
Increase in restricted cash	(13,081)	(112)
<b>Net cash used in investing activities</b>	<b>(179,063)</b>	<b>(157,002)</b>
<b>Cash flows from financing activities:</b>		
Distributions to common stockholders	(18,223)	(14,119)
Distributions to noncontrolling interests	(2,844)	(1,622)
Distributions to preferred stockholders	(5,647)	-
Contributions from noncontrolling interests	4,142	1,334
Borrowings on mortgages payable	177,700	68,224
Repayments on mortgages payable	(68,141)	(1,037)
Payments of deferred financing fees	(2,917)	(1,084)
Net proceeds from issuance of common stock	38	131,313
Net proceeds from issuance of 8.250% Series A Cumulative Redeemable Preferred Stock	68,503	-
Net proceeds from issuance of Series B Units	7,649	-
Net proceeds from issuance of Warrants underlying the Series B Redeemable Preferred Stock	144	-
Net proceeds from issuance of 7.625% Series C Cumulative Redeemable Preferred Stock	56,019	-
Payments to redeem Operating Partnership Units	(59)	-
<b>Net cash provided by financing activities</b>	<b>216,364</b>	<b>183,009</b>
Net increase in cash and cash equivalents	\$ 61,561	\$ 41,874
Cash and cash equivalents at beginning of period	\$ 68,960	\$ 23,059
Cash and cash equivalents at end of period	\$ 130,521	\$ 64,933
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the period for interest	\$ 13,006	\$ 7,622
Distributions payable – declared and unpaid	\$ 5,973	\$ 1,111
Mortgages assumed upon property acquisitions	\$ 39,054	\$ 32,942

See Notes to Consolidated Financial Statements

**BLUEROCK RESIDENTIAL GROWTH REIT, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 – Organization and Nature of Business**

Bluerock Residential Growth REIT, Inc. (the “Company”) was incorporated as a Maryland corporation on July 25, 2008. The Company’s objective is to maximize long-term stockholder value by acquiring well-located institutional-quality apartment properties in demographically attractive growth markets across the United States. The Company seeks to maximize returns through investments where it believes it can drive substantial growth in its funds from operations and net asset value through one or more of its Core-Plus, Value-Add, Opportunistic and Invest-to-Own investment strategies.

As of September 30, 2016, the Company’s portfolio consisted of interests in twenty-five properties (seventeen operating properties and eight development properties). The Company’s twenty-five properties contain an aggregate of 7,790 units, comprised of 5,573 operating units and 2,217 units under development. As of September 30, 2016, these properties, exclusive of development properties, and EOS, the lease-up property, were approximately 94% occupied.

The Company has elected to be treated, and currently qualifies, as a real estate investment trust (“REIT”), for federal income tax purposes. As a REIT, the Company generally is not subject to corporate-level income taxes. To maintain its REIT status, the Company is required, among other requirements, to distribute annually at least 90% of its “REIT taxable income,” as defined by the Internal Revenue Code of 1986, as amended (the “Code”), to the Company’s stockholders. If the Company fails to qualify as a REIT in any taxable year, it would be subject to federal income tax on its taxable income at regular corporate tax rates.

**Note 2 – Basis of Presentation and Summary of Significant Accounting Policies**

*Principles of Consolidation and Basis of Presentation*

The Company operates as an umbrella partnership REIT in which Bluerock Residential Holdings, L.P. (its “Operating Partnership”), or the Operating Partnership’s wholly-owned subsidiaries, owns substantially all of the property interests acquired on the Company’s behalf. As of September 30, 2016, limited partners other than the Company owned approximately 8.22% of the Operating Partnership (1.41% is held by holders of limited partnership interest in the Operating Partnership (“OP Units”) and 6.81% is held by holders of the Operating Partnership’s long-term incentive plan units (“LTIP Units”). Bluerock Real Estate, L.L.C., a Delaware limited liability company, is referred to as Bluerock (“Bluerock”), and the Company’s external manager, BRG Manager, LLC, a Delaware limited liability company, is referred to as its Manager (“Manager”). Both Bluerock and the Manager are related parties with respect to the Company, but are not within the Company’s control and are not consolidated in the Company’s financial statements.

Because the Company is the sole general partner of its Operating Partnership and has unilateral control over its management and major operating decisions (even if additional limited partners are admitted to the Operating Partnership), the accounts of the Operating Partnership are consolidated in its consolidated financial statements. The Company consolidates entities in which it controls more than 50% of the voting equity and in which control does not rest with other investors. Investments in real estate joint ventures over which the Company has the ability to exercise significant influence, but for which it does not have financial or operating control, are accounted for using the equity method of accounting. These entities are reflected on the Company’s consolidated financial statements as “Preferred equity investments and investments in unconsolidated real estate joint ventures.” All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements. The Company will consider future joint ventures for consolidation in accordance with the provisions required by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 810: Consolidation.

Certain amounts in prior year financial statement presentation have been reclassified to conform to the current period presentation.

*Investments in Unconsolidated Real Estate Joint Ventures*

The Company first analyzes its investments in joint ventures to determine if the joint venture is a variable interest entity (“VIE”) in accordance with ASC 810 and if so, whether the Company is the primary beneficiary requiring consolidation. A VIE is an entity that has (i) insufficient equity to permit it to finance its activities without additional subordinated financial support or (ii) equity holders that lack the characteristics of a controlling financial interest. VIEs are consolidated by the primary beneficiary, which is the entity that has both the power to direct the activities that most significantly impact the entity’s economic performance and the obligation to absorb losses or the right to receive benefits from the entity that potentially could be significant to the entity. Variable interests in a VIE are contractual, ownership, or other financial interests in a VIE that change with changes in the fair value of the VIE’s net assets. The Company continuously re-assesses at each level of the joint venture whether the entity is (i) a VIE, and (ii) if the Company is the primary beneficiary of the VIE. If it was determined an entity in which the Company holds a joint venture interest qualified as a VIE and the Company was the primary beneficiary, the entity would be consolidated.

If, after consideration of the VIE accounting literature, the Company has determined that VIE accounting is not applicable to the joint ventures, the Company assesses the need for consolidation under all other provisions of ASC 810. These provisions provide for consolidation of majority-owned entities through a majority voting interest held by the Company providing control, or through determination of control by virtue of the Company being the general partner in a limited partnership or the controlling member of a limited liability company.

In assessing whether the Company is in control of and requiring consolidation of the limited liability company and partnership venture structures, the Company evaluates the respective rights and privileges afforded each member or partner (collectively referred to as “member”). The Company’s member would not be deemed to control the entity if any of the other members have either (i) substantive kickout rights providing the ability to dissolve (liquidate) the entity or otherwise remove the managing member or general partner without cause or (ii) has substantive participating rights in the entity. Substantive participating rights (whether granted by contract or law) provide for the ability to effectively participate in significant decisions of the entity that would be expected to be made in the ordinary course of business that are not otherwise protective rights.

If it has been determined that the Company does not have control, but does have the ability to exercise significant influence over the entity, the Company accounts for these unconsolidated investments under the equity method of accounting. The equity method of accounting requires these investments to be initially recorded at cost and subsequently increased (decreased) for the Company’s share of net income (loss), including eliminations for the Company’s share of intercompany transactions, and increased (decreased) for contributions (distributions). The Company’s proportionate share of the results of operations of these investments is reflected in the Company’s earnings or losses.

#### *Interim Financial Information*

The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial reporting, and the instructions to Form 10-Q and Article 10-1 of Regulation S-X. Accordingly, the financial statements for interim reporting do not include all of the information and notes or disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring items) considered necessary for a fair presentation have been included. Operating results for interim periods should not be considered indicative of the operating results for a full year.

The balance sheet at December 31, 2015 has been derived from the audited financial statements at that date, but does not include all of the information and disclosures required by GAAP for complete financial statements. For further information, refer to the financial statements and notes thereto included in our audited consolidated financial statements for the year ended December 31, 2015 contained in the Annual Report on Form 10-K as filed with the Securities and Exchange Commission (“SEC”) on February 24, 2016.

#### *Summary of Significant Accounting Policies*

There have been no significant changes to the Company’s accounting policies since it filed its audited consolidated financial statements in its Annual Report on Form 10-K for the year ended December 31, 2015.

#### *Use of Estimates*

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### *New Accounting Pronouncements*

In August 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments” (“ASU-2016-15”). The ASU provides guidance on the treatment of cash receipts and cash payments for certain types of cash transactions, to eliminate diversity in practice in the presentation of the cash flow statement. For public business entities, the amendments in ASU 2016-15 are effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Earlier application is permitted. The Company is still in the process of determining the impact that the implementation of ASU 2016-15 will have on the Company’s financial statements.

In March 2016, the FASB issued ASU No. 2016-07, “Simplifying the Transition to the Equity Method of Accounting”, which eliminates the requirement to retroactively adjust an investment, results of operations, and retained earnings when the investment qualifies for the use of the equity method as a result of an increase in the level of ownership interest or degree of influence. The new standard is effective for annual reporting periods beginning after December 15, 2016 and early adoption is permitted. The Company is still in the process of determining the impact that the implementation of ASU 2016-07 will have on the Company’s financial statements.

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842)” (“ASU 2016-02”). Under ASU 2016-02, an entity will be required to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. ASU 2016-02 offers specific accounting guidance for a lessee, a lessor and sale and leaseback transactions. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. For public companies, ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period, and requires a modified retrospective adoption, with early adoption permitted. The Company is in the process of evaluating the future impact of ASU 2016-02 on our consolidated financial position, results of operations and cash flows.

In August 2014, the FASB issued ASU No. 2014-15, “Presentation of Financial Statements - Going Concern” (“ASU 2014-15”), which requires an entity's management to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. ASU 2014-15 is effective for periods beginning after December 15, 2016. ASU 2014-15 is not expected to have a material impact on the Company's financial statements.

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606)” (“ASU 2014-09”). The updated standard is a new comprehensive revenue recognition model that requires revenue to be recognized in a manner that depicts the transfer of goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for those goods or services. In July 2015, the FASB voted to approve the deferral of the effective date of ASU 2014-09 by one year. Therefore, ASU 2014-09 will become effective for the Company in the first quarter of the fiscal year ending December 31, 2018. Early adoption is permitted, but not earlier than the first quarter of the fiscal year ending December 31, 2017. The ASU allows for either full retrospective or modified retrospective adoption. In April 2016, the FASB issued ASU No. 2016-10, “Revenue from Contracts with Customers” (Topic 606): Identifying Performance Obligations and Licensing, which adds guidance on identifying performance obligations within a contract. The Company has not selected a transition method, and is currently evaluating the effect that ASU 2014-09, as amended, will have on the consolidated financial statements and related disclosures.

### **Note 3 – Sale of Unconsolidated Real Estate Joint Ventures and Held for Sale Property**

#### *Sale of Joint Venture Equity Interests*

On January 14, 2015, the Company, along with the other two holders of tenant-in-common interests in Berry Hill, sold their respective interests to 2300 Berry Hill General Partnership, an unaffiliated third party. The aggregate purchase price was \$61.2 million, subject to certain prorations and adjustments typical in such real estate transactions. After deduction for payment of the existing mortgage indebtedness and payment of closing costs and fees, the sale of the Company's interest in Berry Hill generated net proceeds of approximately \$7.3 million to the Company and a consolidated gain on sale of \$11.3 million, of which the Company's pro rata share of gain is \$5.3 million before disposition expenses of \$0.1 million, which was included in the Company's statement of operations for the nine months ended September 30, 2015.

#### *Sale of Springhouse at Newport News*

On August 10, 2016, the Company closed on the sale of the Springhouse at Newport News property, located in Newport News, Virginia, and the buyout of our 25% joint venture partner in conjunction with the sale. The property was sold for approximately \$38.0 million, subject to certain prorations and adjustments typical in such real estate transactions. After deduction for the defeasance of the existing mortgage indebtedness encumbering the Springhouse at Newport News property in the amount of \$25.4 million and payment of closing costs and fees of \$0.5 million the sale of the property generated net proceeds for the Company of approximately \$9.0 million and a gain on sale of approximately \$4.9 million.

#### Note 4 – Investments in Real Estate

As of September 30, 2016, the Company was invested in seventeen operating real estate properties and eight development properties generally through joint ventures. The following tables provide summary information regarding our operating and development investments, which are either consolidated or presented on the equity method of accounting.

##### Operating Properties

<b>Multifamily Community Name/Location</b>	<b>Number of Units</b>	<b>Date Built/Renovated <sup>(1)</sup></b>	<b>Ownership Interest</b>
ARIUM at Palmer Ranch, Sarasota, FL	320	2016	95.0%
ARIUM Grandewood, Orlando, FL	306	2005	95.0%
ARIUM Gulfshore, Naples, FL	368	2016	95.0%
ARIUM Palms, Orlando, FL	252	2008	95.0%
ARIUM Westside, Atlanta, GA	336	2008	90.0%
Ashton Reserve, Charlotte, NC	473	2015	100.0%
Enders Place at Baldwin Park, Orlando, FL	220	2003	89.5%
EOS, Orlando, FL	296	2015	—
Fox Hill, Austin, TX	288	2010	94.6%
Lansbrook Village, Palm Harbor, FL	618	2004	90.0%
MDA Apartment, Chicago, IL	190	2006	35.3%
Park & Kingston, Charlotte, NC	168	2015	96.0%
Sorrel, Frisco, TX	352	2015	95.0%
Sovereign, Fort Worth, TX	322	2015	95.0%
The Preserve at Henderson Beach, Destin, FL	340	2009	100.0%
Village Green of Ann Arbor, Ann Arbor, MI	520	2013	48.6%
Whetstone, Durham, NC	204	2015	—
Total/Average	5,573		

<sup>(1)</sup> Represents date of last significant renovation or year built if there were no renovations.

Depreciation expense was \$5.9 million and \$3.1 million for the three months ended September 30, 2016 and 2015, respectively, and \$16.7 million and \$8.2 million for the nine months ended September 30, 2016 and 2015, respectively.

Intangibles related to the Company's consolidated investments in real estate consist of the value of in-place leases. In-place leases are amortized over the remaining term of the in-place leases, which is approximately six months. Amortization expense related to the in-place leases was \$1.3 million and \$0.9 million for the three months ended September 30, 2016 and 2015, respectively, and \$5.8 million and \$2.3 million for the nine months ended September 30, 2016 and 2015, respectively.

##### Development Properties

<b>Multifamily Community Name/Location</b>	<b>Planned Number of Units</b>	<b>Anticipated Initial Occupancy</b>	<b>Anticipated Final Units to be Delivered</b>
Alexan CityCentre, Houston, TX	340	2Q 2017	4Q 2017
Alexan Southside Place, Houston, TX	270	4Q 2017	2Q 2018
APOK Townhomes, Boca Raton, FL	90	4Q 2017	2Q 2018
Cheshire Bridge, Atlanta, GA	285	2Q 2017	4Q 2017
Domain, Garland, TX	301	2Q 2018	3Q 2018
Flagler Village, Ft. Lauderdale, FL	400	2Q 2019	2Q 2020
Lake Boone Trail, Raleigh, NC	245	1Q 2018	3Q 2018
West Morehead, Charlotte, NC	286	2Q 2018	4Q 2018
Total/Average	2,217		

#### Note 5 – Acquisition of Real Estate

The following describes the Company's significant acquisition activity during the nine months ended September 30, 2016:

##### Acquisition of Summer Wind and Citation Club Apartments

On January 5, 2016, the Company, through subsidiaries of its Operating Partnership, completed investments of approximately \$15.9 million and approximately \$13.6 million in a multi-tiered joint venture along with an affiliate of Carroll Organization, to acquire (i) a 368-unit apartment community located in Naples, Florida to be known as ARIUM Gulfshore, formerly known as the Summer Wind Apartments ("ARIUM Gulfshore") and (ii) a 320-unit apartment community located in Sarasota, Florida to be known as ARIUM at Palmer Ranch, formerly known as Citation Club Apartments ("ARIUM at Palmer Ranch"), respectively. The Company's indirect ownership interest in the joint venture that owns ARIUM Gulfshore and ARIUM at Palmer Ranch is 95.0%. ARIUM Gulfshore's purchase price of approximately \$47.0 million was funded, in part, with a \$32.6 million senior mortgage loan secured by ARIUM Gulfshore property and improvements. ARIUM at Palmer Ranch's purchase price of approximately \$39.3 million was funded, in part, with a \$26.9 million senior mortgage loan secured by the ARIUM at Palmer Ranch property and improvements.

#### *Acquisition of The Preserve at Henderson Beach*

On March 15, 2016, the Company, through subsidiaries of its Operating Partnership, acquired a 340-unit apartment community located in Destin, Florida, known as Alexan Henderson Beach to be rebranded as The Preserve at Henderson Beach (“Henderson Beach”) for approximately \$53.7 million. The purchase price for Henderson Beach included the assumption of a \$37.5 million loan secured by Henderson Beach.

#### *Acquisition of ARIUM Westside*

On July 14, 2016, the Company, through subsidiaries of its Operating Partnership, acquired a leasehold interest in a 336-unit, Class A, mixed-use apartment community located in Atlanta, Georgia, known as Tenside Apartment Homes, to be rebranded as ARIUM Westside (“Westside”). The Company’s indirect ownership interest in the joint venture that owns Westside is 90%. The purchase price for Westside of approximately \$74.5 million was funded, in part, with a \$52.2 million senior mortgage loan secured by the Westside leasehold interest (the “Westside Loan”). The Westside Loan matures August 1, 2023 and bears interest at a rate of 3.68%. The Company provided certain standard scope non-recourse carveout guarantees in conjunction with the Westside Loan.

#### *Preliminary Purchase Price Allocations*

The acquisitions of ARIUM Gulfshore, ARIUM at Palmer Ranch, The Preserve at Henderson Beach and ARIUM Westside have been accounted for as business combinations. The purchase prices were allocated to the acquired assets and assumed liabilities based on their estimated fair values at the dates of acquisition. The preliminary measurements of fair value reflected below are subject to change. The Company expects to finalize the purchase price allocations as soon as practical, but no later than one year from each property’s respective acquisition date.

The following table summarizes the assets acquired and liabilities assumed at the acquisition date. The amounts listed below reflect provisional amounts that will be updated as information becomes available (amounts in thousands):

	<b>Preliminary Purchase Price Allocation</b>	
Land	\$	30,557
Building		172,597
Building improvements		1,588
Land improvements		3,305
Furniture and fixtures		3,069
In-place leases		4,912
Total assets acquired	\$	<u>216,028</u>
Mortgages assumed	\$	37,476
Fair value adjustments		1,578
Total liabilities assumed	\$	<u>39,054</u>

In connection with the acquisition of The Preserve at Henderson Beach, the Company assumed mortgage debt with a fair value of approximately \$39.1 million.

The pro-forma information presented below represents the change in consolidated revenue and earnings as if the Company's significant acquisitions of Park & Kingston, Fox Hill, Ashton Reserve, ARIUM Palms, Sorrel, Sovereign, ARIUM Gulfshore, ARIUM at Palmer Ranch, The Preserve at Henderson Beach and ARIUM Westside (collectively, the "Recent Acquisitions"), had occurred on January 1, 2015 (amounts in thousands, except per share amounts).

	Nine Months Ended September 30,			Nine Months Ended September 30,		
	2016			2015		
	As Reported	Pro-Forma Adjustments	Pro-Forma	As Reported	Pro-Forma Adjustments	Pro-Forma
Revenues	\$ 54,657	\$ 4,339	\$ 58,996	\$ 31,065	\$ 24,017	\$ 55,082
Net (loss) income	\$ (3,014)	\$ 5,153	\$ 2,139	\$ 8,041	\$ (13,512)	\$ (5,471)
Net (loss) income attributable to common stockholders	\$ (11,727)	\$ 4,966	\$ (6,761)	\$ 2,157	\$ (12,878)	\$ (10,721)
(Loss) earnings per share, basic and diluted <sup>(1)</sup>	\$ (0.57)		\$ (0.33)	\$ 0.13		\$ (0.65)

<sup>(1)</sup> Pro-forma (loss) earnings per share, both basic and diluted, are calculated based on the net (loss) income attributable to the Company.

Aggregate property level revenues and net loss for the Recent Acquisitions, since the properties' respective acquisition dates, that are reflected in the Company's consolidated statement of operations for the nine months ended September 30, 2016 amounted to \$29.6 million and \$6.5 million, respectively.

#### Note 6 – Preferred Equity Investments and Investments in Unconsolidated Real Estate Joint Ventures

Following is a summary of the Company's ownership interests in the investments reported under the equity method of accounting. The carrying amount of the Company's investments in unconsolidated real estate joint ventures as of September 30, 2016 and December 31, 2015 is summarized in the table below (amounts in thousands):

Property	September 30, 2016	December 31, 2015
Alexan CityCentre	\$ 7,395	\$ 6,505
Alexan Southside Place	17,322	17,322
APOK Townhomes	1,290	—
Cheshire Bridge	16,360	16,360
Domain	5,077	3,806
EOS	3,629	3,629
Flagler Village	12,101	5,451
Lake Boone Trail	9,919	9,919
West Morehead	6,533	—
Whetstone	12,932	12,231
Total	\$ 92,558	\$ 75,223

As of September 30, 2016, the Company had outstanding preferred equity investments in ten multi-tiered joint ventures, each of which were created to develop a multifamily property. In each case, a wholly-owned subsidiary of the Operating Partnership made a preferred investment in a joint venture, except Flagler Village and APOK Townhomes, which are common interests. The common interests in these joint ventures, as well as preferred interests in some cases, are owned by affiliates of the Manager. In each case, the Company's preferred investment in the joint venture generates a preferred return of 15% on its outstanding capital contributions and the Company is not allocated any of the income or loss. The joint venture then becomes the controlling member in an entity whose purpose is to develop a multifamily property. Each joint venture in which the Company owns a preferred interest is required to redeem the Company's preferred membership interests plus any accrued but unpaid preferred return on the earlier of the date which is six months following the maturity of the related development's construction loan, or any earlier acceleration or due date. Additionally, the Company has the right, in its sole discretion, to convert its preferred membership interest in each joint venture into a common membership interest for a period of six months from the date upon which 70% of the units in the related development have been leased.

The following provides additional information regarding the Company's preferred equity and investments as of September 30, 2016:

The preferred returns and equity in income of the Company's unconsolidated real estate joint ventures for the three and nine months ended September 30, 2016 and 2015 are summarized below (amounts in thousands):

Property	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Alexan CityCentre	\$ 294	\$ 246	\$ 791	\$ 730
Alexan Southside Place	655	655	1,950	1,341
APOK Townhomes	205	—	205	—
Cheshire Bridge	619	591	1,842	787
Domain	145	—	422	—
EOS	137	137	409	407
Flagler Village	(4)	—	(4)	—
Lake Boone Trail	375	—	1,117	—
Villas at Oak Crest	—	278	—	489
West Morehead	141	—	435	—
Whetstone	507	462	1,450	669
Other	—	(3)	—	(32)
Preferred returns and equity in income of unconsolidated joint venture	<u>\$ 3,074</u>	<u>\$ 2,366</u>	<u>\$ 8,617</u>	<u>\$ 4,391</u>

Summary combined financial information for the Company's investments in unconsolidated real estate joint ventures as of September 30, 2016 and December 31, 2015 and for the three and nine months ended September 30, 2016 and 2015, is as follows:

	September 30, 2016	December 31, 2015
<b>Balance Sheets:</b>		
Real estate, net of depreciation	\$ 200,274	\$ 132,265
Other assets	14,778	24,737
Total assets	<u>\$ 215,052</u>	<u>\$ 157,002</u>
Mortgages payable	\$ 89,394	\$ 55,066
Other liabilities	11,468	5,018
Total liabilities	\$ 100,862	\$ 60,084
Members' equity	114,190	96,918
Total liabilities and members' equity	<u>\$ 215,052</u>	<u>\$ 157,002</u>

Operating Statement:	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Rental revenues	\$ 1,757	\$ 561	\$ 4,371	\$ 1,885
Operating expenses	(801)	(695)	(2,340)	(2,166)
Income (loss) before debt service, acquisition costs, and depreciation and amortization	956	(134)	2,031	(281)
Interest expense, net	(344)	(167)	(999)	(544)
Acquisition costs	(3)	-	(3)	(66)
Depreciation and amortization	(771)	(721)	(2,296)	(1,304)
Operating loss	(162)	(1,022)	(1,267)	(2,195)
Gain on sale	-	-	-	29,200
Net (loss) income	<u>\$ (162)</u>	<u>\$ (1,022)</u>	<u>\$ (1,267)</u>	<u>\$ 27,005</u>

### *Alexan CityCentre Interests*

On July 1, 2014, through BRG T&C BLVD Houston, LLC, a wholly-owned subsidiary of the Operating Partnership, the Company made a convertible preferred equity investment in a multi-tiered joint venture along with Bluerock Growth Fund (“BGF”), Bluerock Special Opportunity + Income Fund II, LLC, (“Fund II”) and Bluerock Special Opportunity + Income Fund III, LLC (“Fund III”), affiliates of the Manager, and an affiliate of Trammell Crowe Residential, to develop a 340-unit Class A apartment community located in Houston, Texas, to be known as Alexan CityCentre. The Company has made a capital commitment of approximately \$7.4 million to acquire 100% of the Class A preferred equity interests in BR T&C BLVD JV Member, LLC all of which has been funded as of September 30, 2016.

On June 7, 2016, the Company, through an indirectly owned unconsolidated subsidiary, entered into a loan modification agreement to amend the terms of its construction loan financing the construction and development of the Alexan CityCentre property (the “Alexan Development”). The maximum principal amount available to the borrower under the terms of the modified loan is \$55.1 million of which approximately \$16.7 million is outstanding at September 30, 2016. The maturity date is January 1, 2020, subject to a single one-year extension exercisable at the option of the borrower. The interest rate on the loan is a variable per annum rate equal to the prime rate plus 0.5%, or LIBOR plus 3.00%, at the borrower’s option. The loan requires monthly interest payments until the maturity date, after which \$60,000 monthly payments of principal will be required in addition to payment of accrued interest during the maturity extension period. The borrower was required to initially fund approximately \$2.6 million as an interest reserve and approximately \$0.6 million as an operating deficit reserve. Certain unaffiliated third parties agreed to guaranty the completion of the development of the Alexan Development and provided partial guaranties of the borrower’s principal and interest obligations under the loan. The borrower is required to complete the Alexan Development by December 31, 2017 (without extension for any reason). To obtain the loan modification, the borrower was required to contribute additional equity for the Alexan Development in the amount of approximately \$2.2 million to be applied to development costs, of which the Company funded approximately \$0.7 million and Bluerock Growth Fund II (“BGF II”), an affiliate of the Manager, funded \$1.3 million as Class B preferred interests earning a 20% preferred return.

### *Alexan Southside Place (formerly referred to as Alexan Blaire House) Interests*

On January 12, 2015, through BRG Southside, LLC, a wholly-owned subsidiary of its Operating Partnership, the Company made a convertible preferred equity investment in a multi-tiered joint venture, along with Fund II and Fund III, which are affiliates of the Manager, and an affiliate of Trammell Crow Residential, to develop an approximately 269-unit Class A apartment community located in Houston, Texas, to be known as Alexan Southside Place. Alexan Southside Place will be developed upon a tract of land ground leased from Prokop Industries BH, L.P., a Texas limited partnership, by BR Bellaire BLVD, LLC, as tenant under an 85-year ground lease. The Company has made a capital commitment of \$17.3 million to acquire 100% of the preferred equity interests in BRG Southside, LLC, all of which has been funded as of September 30, 2016.

In conjunction with the Alexan Southside development, on April 7, 2015, the Company, through an indirect unconsolidated subsidiary, entered into a \$31.8 million construction loan with Bank of America, NA, which is secured by the leasehold interest in the Alexan Southside Place property. The loan matures on April 7, 2019, and contains a one-year extension option, subject to certain conditions including a debt service coverage, loan to value ratio and payment of an extension fee. The loan bears interest on a floating basis on the amount drawn based on the base rate plus 1.25% or LIBOR plus 2.25%. Regular monthly payments are interest-only during the initial term, with payments during the extension period based on a thirty year amortization. The loan can be prepaid without penalty.

### *APOK Townhomes Interests*

On September 1, 2016, through a wholly-owned subsidiary of its Operating Partnership, the Company made an investment in a multi-tiered joint venture, along with Fund II, an affiliate of the Manager, and NCC Development Group, to develop a 90-unit Class A apartment community located in Boca Raton, Florida to be known as APOK Townhomes. The Company has made a capital commitment of approximately \$11.7 million to acquire common interests in BR Boca JV Member, LLC, of which \$1.1 million has been funded as of September 30, 2016.

The APOK property is currently encumbered by a land loan with Florida Community Bank of \$2.6 million as of September 30, 2016. The loan matures on January 27, 2017. The loan requires interest-only payments at a fixed rate of 3.95%. The loan can be prepaid without penalty.

### *Cheshire Bridge Interests*

On May 29, 2015, through BRG Cheshire, LLC, a wholly-owned subsidiary of its Operating Partnership, the Company made a convertible preferred equity investment in a multi-tiered joint venture, along with Fund III and an affiliate of Catalyst Development Partners II, to develop a 285-unit Class A apartment community located in Atlanta, Georgia, to be known as Cheshire Bridge Apartments. The Company has made a capital commitment of \$16.4 million to acquire 100% of the preferred equity interests in BRG Cheshire, LLC, all of which has been funded as of September 30, 2016.

In conjunction with the Cheshire Bridge development, on December 16, 2015, the Company, through an indirect unconsolidated subsidiary, entered into a \$38.1 million construction loan with The PrivateBank and Trust Company which is secured by the fee simple interest in the Cheshire property, of which approximately \$7.7 million is outstanding at September 30, 2016. The loan matures on December 16, 2018, and contains two one-year extension options, subject to certain conditions including a debt service coverage, loan to value ratio and payment of an extension fee. The loan bears interest on a floating basis on the amount drawn based on one-month LIBOR plus 2.50%. Regular monthly payments are interest-only during the initial term, with payments during the extension period based on a thirty year amortization. The loan can be prepaid without penalty.

#### *Domain Phase 1 Interests*

On November 20, 2015, through a wholly-owned subsidiary of the Operating Partnership, BRG Domain Phase 1, LLC, the Company made a convertible preferred equity investment in a multi-tiered joint venture along with Fund II, an affiliate of the Manager, and an affiliate of ArchCo Residential, to develop an approximately 301-unit, class A, apartment community located in Garland, Texas. The property will be developed upon a tract of approximately 10 acres of land. The Company has made a capital commitment of \$24.4 million to acquire 100% of the preferred equity interests in BR Member Domain Phase I, LLC, of which \$5.1 million has been funded at September 30, 2016.

#### *EOS Interests*

On July 29, 2014, through BRG UCFP Investor, LLC, a wholly-owned subsidiary of the Operating Partnership, the Company made a convertible preferred equity investment in a multi-tiered joint venture along with Bluerock Special Opportunity + Income Fund I, LLC ("Fund I"), an affiliate of the Manager, and CDP UCFP Developer, LLC, to develop a 296-unit Class A apartment community located in Orlando, Florida, to be known as EOS. The Company has made a capital commitment of approximately \$3.6 million to acquire 100% of the Class A preferred equity interests in BR Orlando UCFP, LLC all of which has been funded as of September 30, 2016.

In conjunction with the EOS development, on May 14, 2014, an indirect unconsolidated subsidiary, entered into a \$27.5 million construction loan with KeyBank National Association which is secured by the EOS property, of which approximately \$26.6 million is outstanding at September 30, 2016. The loan matures on May 14, 2017, and contains two one-year extension options, subject to certain conditions including a debt service coverage, loan to value ratio and payment of an extension fee. The loan bears interest on a floating basis on the amount drawn based on one-month LIBOR plus 2.15%. Regular monthly payments are interest-only during the initial term, with payments during the extension period based on a thirty year amortization. The loan can be prepaid without penalty.

#### *Flagler Village Interests*

On December 18, 2015, through BRG Flagler Village, LLC, a wholly-owned subsidiary of the Operating Partnership, BRG Flagler Village, LLC, the Company made an investment in a multi-tiered joint venture along with Fund II, an affiliate of the Manager, and an affiliate of ArchCo Residential, to develop an approximately 326-unit, Class A apartment community located in Ft. Lauderdale, Florida. The Company has made a capital commitment of \$55.0 million to acquire common interests in BR Flagler Village, LLC, of which \$12.1 million has been funded at September 30, 2016.

#### *Lake Boone Trail Interests*

On December 18, 2015, through BRG Lake Boone, LLC, a wholly-owned subsidiary of the Operating Partnership, BRG Lake Boone, LLC, the Company made a convertible preferred equity investment in a multi-tiered joint venture along with Fund II, an affiliate of the Manager, and an affiliate of Tribridge Residential, LLC, to develop an approximately 245-unit, Class A apartment community located in Raleigh, North Carolina ("Lake Boone Trail"). The Company has made a capital commitment of \$12.3 million to acquire 100% of the preferred equity interests in BR Lake Boone, LLC, of which \$9.9 million has been funded at September 30, 2016.

In conjunction with the Lake Boone Trail development, on June 23, 2016, the Company, through an indirect unconsolidated subsidiary, entered into a \$25.2 million construction loan with Citizens Bank, National Association which is secured by the fee simple interest in the Lake Boone Trail property, of which none is outstanding as of September 30, 2016. The loan matures on December 23, 2019, and contains one extension option for one year to five years, subject to certain conditions including construction completion, a debt service coverage, loan to value ratio and payment of an extension fee. The loan bears interest on a floating basis on the amount drawn based on one-month LIBOR plus 2.65%. Regular monthly payments are interest-only during the initial term, with payments during the extension period based on a thirty year amortization. The loan can be prepaid without penalty.

#### *West Morehead Interests*

On January 6, 2016, through BRG Morehead NC, LLC, a wholly-owned subsidiary of the Operating Partnership, BRG Morehead NC, LLC, the Company made a convertible preferred equity investment in a multi-tiered joint venture along with Fund II, an affiliate of the Manager, and an affiliate of ArchCo Residential, to develop an approximately 283-unit Class A apartment community located in Charlotte, North Carolina to be known as West Morehead. The Company has made a capital commitment of approximately \$24.7 million to acquire 100% of the preferred equity interests in BR Morehead JV Member, LLC, of which \$6.5 million has been funded at September 30, 2016.

### Whetstone Interests

On May 20, 2015, through BRG Whetstone Durham, LLC, a wholly-owned subsidiary of its Operating Partnership, the Company made a convertible preferred equity investment in a multi-tiered joint venture, along with Fund III and an affiliate of TriBridge Residential, LLC, to acquire a 204-unit Class A apartment community located in Durham, North Carolina, to be known as Whetstone Apartments. The Company has made a capital commitment of \$12.9 million to acquire 100% of the preferred equity interests in BRG Whetstone Durham, LLC, all of which has been funded as of September 30, 2016. Subsequent to September 30, 2016, the Company entered into an agreement that provided for an extended twelve month period in which it had a right to convert into common ownership. If the Company does not elect to convert into common ownership at that point, its preferred return would then decrease to 6.5%.

The acquisition of Whetstone Apartments was initially partially funded by a bridge loan of approximately \$25.2 million secured by the Whetstone Apartment property all of which was outstanding at September 30, 2016. Subsequent to September 30, 2016, the bridge loan was paid off by entering into a mortgage loan of approximately \$26.5 million secured by the Whetstone Apartment property. The loan matures on November 1, 2023. The loan bears interest at a fixed rate of 3.81%. Regular monthly payments are interest-only until November 1, 2017, with monthly payments beginning December 1, 2017 based on thirty year amortization. The loan may be prepaid with the greater of 1% prepayment fee or yield maintenance until October 31, 2021, and thereafter at par. The loan is nonrecourse to the Company and its joint venture partners with certain standard scope non-recourse carve-outs for certain deeds, acts or failures to act on the part of the Company and the joint venture partners.

### KeyBank Land Loan

On March 15, 2016, the Company and several affiliated unconsolidated borrowers entered into an approximately \$14.9 million secured credit facility with KeyBank as lender (the "Credit Facility"). The loan matures March 14, 2017 and contains a six month extension option, subject to certain conditions, including a maximum principal balance outstanding of \$6.5 million. The borrowings under the Credit Facility are at a rate equal to LIBOR plus 3.75% or the base rate plus 2.75%, at the Company's option. Our Operating Partnership's obligations with respect to the Credit Facility are guaranteed by us, pursuant to the terms of a limited recourse guaranty dated as of March 15, 2016. The outstanding Credit Facility balance at September 30, 2016, was \$10.6 million. The loan balance at September 30, 2016, has been allocated as follows, Domain, approximately \$2.0 million; Flagler, approximately \$6.0 million; and West Morehead, approximately \$2.7 million; which amounts are reflected on the unconsolidated entities financial statements.

### Note 7 – Mortgages Payable

The following table summarizes certain information as of September 30, 2016 and December 31, 2015, with respect to the Company's indebtedness (amounts in thousands):

Property	Outstanding Principal		As of September 30, 2016		
	September 30, 2016	December 31, 2015	Interest Rate	Fixed/ Floating	Maturity Date
ARIUM at Palmer Ranch	\$ 26,925	\$ —	2.69%	Floating <sup>(1)</sup>	February 1, 2023
ARIUM Grandewood	34,294	29,444	2.35%	Floating <sup>(2)</sup>	December 1, 2024
ARIUM Gulfshore	32,626	—	2.69%	Floating <sup>(3)</sup>	February 1, 2023
ARIUM Palms	24,999	24,999	2.74%	Floating <sup>(4)</sup>	September 1, 2022
ARIUM Westside	52,150	—	3.68%	Fixed	August 1, 2023
Ashton Reserve I	31,900	31,900	4.67%	Fixed	December 1, 2025
Ashton Reserve II	15,270	15,270	3.15%	Floating <sup>(5)</sup>	January 1, 2026
Enders Place at Baldwin Park <sup>(6)</sup>	24,841	25,155	4.30%	Fixed	November 1, 2022
Fox Hill	26,705	26,705	3.57%	Fixed	April 1, 2022
Lansbrook Village	57,190	43,628	2.97%	Floating <sup>(7)</sup>	August 1, 2026
MDA Apartments	37,256	37,600	5.35%	Fixed	January 1, 2023
Park & Kingston <sup>(8)</sup>	18,432	15,250	3.41%	Fixed	April 1, 2020
Sorrel	38,684	38,684	2.81%	Floating <sup>(9)</sup>	May 1, 2023
Sovereign	28,880	28,880	3.46%	Fixed	November 10, 2022
Springhouse at Newport News	—	22,176			
The Preserve at Henderson Beach	37,154	—	4.65%	Fixed	January 5, 2023
Village Green of Ann Arbor	41,747	42,326	3.92%	Fixed	October 1, 2022
Total	529,053	382,017			
Fair value adjustments	1,407	1,620			
Deferred financing costs, net	(5,424)	(3,535)			
Total	\$ 525,036	\$ 380,102			

- (1) ARIUM at Palmer Ranch loan bears interest at a floating rate of 2.17% plus one-month LIBOR. At September 30, 2016, the interest rate was 2.69%.
- (2) ARIUM Grandewood principal balance includes the initial advance of \$29.44 million at a floating rate of 1.67% plus one month LIBOR and a \$4.85 million supplemental loan at a floating rate of 2.74% plus one month LIBOR. At September 30, 2016, the interest rates on the initial advance and supplemental loan were 2.20% and 3.26%.
- (3) ARIUM Gulfshore loan bears interest at a floating rate of 2.17% plus one month LIBOR. At September 30, 2016, the interest rate was 2.69%.
- (4) ARIUM Palms loan bears interest at a floating rate of 2.22% plus one month LIBOR. At September 30, 2016, the interest rate was 2.74%.
- (5) Ashton Reserve II loan bears interest at a floating rate of 2.62% plus one-month LIBOR. At September 30, 2016, the interest rate was 3.15%.
- (6) The principal includes a \$17.0 million loan at a fixed rate of 3.97% and a \$7.9 million supplemental loan at a fixed rate of 5.01%.
- (7) Lansbrook Village loan bears interest at a floating rate of 2.44% plus one month LIBOR. At September 30, 2016, the interest rate was 2.97%.
- (8) The principal includes a \$15.3 million loan at a fixed rate of 3.21% and a \$3.1 million supplemental loan at a fixed rate of 4.34%.
- (9) Sorrel loan bears interest at a floating rate of 2.29% plus one-month LIBOR. At September 30, 2016, the interest rate was 2.81%.

#### *Deferred financing costs*

Costs incurred in obtaining long-term financing, reflected as a reduction of Mortgages Payable in the accompanying Consolidated Balance Sheets, are amortized on a straight-line basis, which approximates the effective interest method, over the terms of the related debt agreements, as applicable.

#### *ARIUM Gulfshore Mortgage Payable*

On January 5, 2016, the Company, through an indirect subsidiary, entered into an approximately \$32.6 million loan with Jones Long LaSalle Multifamily, LLC, on behalf of Freddie Mac, which is secured by ARIUM Gulfshore. The loan matures February 1, 2023 and bears interest on a floating basis based on LIBOR plus 2.17%, with interest only payments until maturity. After January 5, 2017 the loan may be prepaid with a 1% prepayment fee through October 31, 2022, and thereafter at par.

#### *ARIUM at Palmer Ranch Mortgage Payable*

On January 5, 2016, the Company, through an indirect subsidiary, entered into an approximately \$26.9 million loan with Jones Long LaSalle Multifamily, LLC, on behalf of Freddie Mac, which is secured by ARIUM at Palmer Ranch. The loan matures February 1, 2023 and bears interest on a floating basis based on LIBOR plus 2.17%, with interest only payments until maturity. After January 5, 2017 the loan may be prepaid with a 1% prepayment fee through October 31, 2022, and thereafter at par.

#### *The Preserve at Henderson Beach Mortgage Payable*

On March 15, 2016, the Company, through an indirect subsidiary, assumed an approximately \$37.5 million loan with Western-Southern Life Assurance Company, which is secured by Henderson Beach. The loan matures January 5, 2023 and bears interest at a fixed rate of 4.65%, with fixed monthly payments based on 30-year amortization. The loan may be prepaid with the greater of 1% prepayment fee or yield maintenance.

#### *Park & Kingston Mortgage Payable*

On May 27, 2016, the Company, through an indirect subsidiary, entered into an additional loan of approximately \$3.2 million loan with CBRE Multifamily Capital, Inc., on behalf of Fannie Mae, which is secured by 15-units of Park & Kingston. The loan matures April 1, 2020 and bears interest at a fixed rate of 4.34%, with interest only payments until maturity. The loan can be prepaid with the greater of 1% prepayment fee or yield maintenance until September 30, 2019, and thereafter at par.

#### *Refinancing of Lansbrook Village*

On July 8, 2016, the Company, through an indirect subsidiary (the "Lansbrook Village Borrower"), entered into an approximately \$57.2 million loan with Walker & Dunlop, LLC, on behalf of Fannie Mae, which is secured by Lansbrook Village, and paid off the previous loans of \$44.4 million plus prepayment costs of approximately \$0.9 million. The loan matures August 1, 2026 and bears interest on a floating basis based on LIBOR plus 2.44%, with interest only payments until August 1, 2020, and thereafter will require principal installments of \$92,671 in addition to accrued interest monthly until maturity. After July 8, 2017 the loan may be prepaid with a 1% prepayment fee through March 31, 2026, and thereafter at par. The loan is nonrecourse to the Company and the Lansbrook Village Borrower with certain standard scope non-recourse carve-outs for certain deeds, acts or failures to act on the part of the Company and the Lansbrook Village Borrower, or any of its officers, members, managers or employees.

### Supplemental Financing at ARIUM Grandewood

On August 30, 2016, the Company, through an indirect subsidiary, entered into an additional loan of approximately \$4.9 million loan with Walker & Dunlop, LLC, on behalf of Fannie Mae, which is secured by ARIUM Grandewood. The loan matures December 1, 2024 and bears interest at a floating basis based on LIBOR plus 2.74%, with interest only payments until maturity. After September 1, 2017 the loan can be prepaid with a 1% prepayment fee until July 31, 2024, and thereafter at par.

### Debt maturities

As of September 30, 2016, contractual principal payments for the five subsequent years and thereafter are as follows (amounts in thousands):

Year	Total
2016 (October 1-December 31)	\$ 605
2017	3,050
2018	3,646
2019	4,567
2020	24,775
Thereafter	492,410
	\$ 529,053
Add: Unamortized fair value debt adjustment	1,407
Subtract: Deferred financing costs, net	(5,424)
Total	\$ 525,036

The net book value of real estate assets providing collateral for these above borrowings were \$702.5 million and \$530.6 million at September 30, 2016 and December 31, 2015, respectively.

The mortgage loans encumbering the Company's properties are generally nonrecourse, subject to certain exceptions for which the Company would be liable for any resulting losses incurred by the lender. These exceptions vary from loan to loan but generally include fraud or a material misrepresentation, misstatement or omission by the borrower, intentional or grossly negligent conduct by the borrower that harms the property or results in a loss to the lender, filing of a bankruptcy petition by the borrower, either directly or indirectly and certain environmental liabilities. In addition, upon the occurrence of certain events, such as fraud or filing of a bankruptcy petition by the borrower, the Company or our joint ventures would be liable for the entire outstanding balance of the loan, all interest accrued thereon and certain other costs, including penalties and expenses.

### Note 8 – Fair Value of Financial Instruments

As of September 30, 2016 and December 31, 2015, the Company believes the carrying value of cash and cash equivalents, accounts receivable, due to and from affiliates, accounts payable, accrued liabilities, and distributions payable approximate their fair value based on their highly-liquid nature and/or short-term maturities. As of September 30, 2016 and December 31, 2015, the approximate fair value of mortgages payable were \$543.7 million and \$387.1 million, respectively, compared to the carrying value, before adjustments for deferred financing costs, net, of \$530.5 million and \$383.6 million, respectively. The fair value of mortgages payable is estimated based on the Company's current interest rates (Level 3 inputs, as defined in ASC Topic 820, "Fair Value Measurement") for similar types of borrowing arrangements.

### Note 9 – Related Party Transactions

In connection with the Company's acquisition of an interest in the Villas at Oak Crest, the Company assumed a receivable of \$0.3 million from Fund II related to accrued interest on Fund II's investment in the Villas at Oak Crest prior to the contribution of their interest to the Company, and as of December 31, 2014, the Company had a corresponding payable to Fund II for this amount. The payable to Fund II of \$0.3 million was paid off in September 2015 in conjunction with the sale of the Villas at Oak Crest.

In May 2015, the Company invested an additional \$6.5 million, plus customary prorations, in equity in Park & Kingston, increasing the Company's indirect ownership interest in the property from 46.95% to approximately 96.0%. The additional interests were purchased from Fund III, an affiliate of our Manager, based on the original purchase price on a pro rata basis, plus customary prorations.

In May 2015, the Company invested an additional \$1.1 million, plus customary prorations, in equity in Fox Hill, increasing the Company's indirect ownership interest in the property from 85.27% to approximately 94.62%. The additional interests were purchased from Fund III, an affiliate of our Manager, based on the original purchase price on a pro rata basis, plus customary prorations.

In December 2015, the Company invested an additional \$3.7 million, plus customary prorations, in equity in Lansbrook, increasing the Company's indirect ownership interest in the property from 76.8% to approximately 90.00%. The additional interests were purchased from Fund II and Fund III, affiliates of our Manager, based on an appraisal value, plus customary prorations.

In December 2015, in conjunction with the sale of Villas at Oak Crest, two former joint venture partners, who were related to the Company's Chief Executive Officer, converted their ownership in Villas at Oak Crest into 22,809 Operating Partnership Units.

Substantially concurrently with the completion of the IPO, the Company completed a series of related contribution transactions pursuant to which it acquired indirect equity interests in four apartment properties, and a 100% fee simple interest in a fifth apartment property for an aggregate asset value of \$152.3 million (inclusive of the Villas at Oak Crest, which was accounted for under the equity method, and Springhouse, in which the Company already owned an interest and which had been reported as consolidated for the periods presented). As holders of shares of the Company's Class A common stock issued in the contribution transactions in connection with the IPO, Fund II and Fund III and their respective managers have certain registration rights covering the resale of their shares of Class A common stock. In addition, BR-NPT Springing Entity, LLC ("NPT") and Bluerock Property Management, LLC, the property manager of North Park Towers ("BPM"), as holders of OP Units issued in the contribution transactions, and the Manager and the former advisor, as holders of LTIP Units, have certain registration rights covering the resale of shares of the Class A common stock issued or issuable, at the Company's option, in exchange for OP Units, including OP Units into which LTIP Units may be converted. On January 13, 2016, the Company filed, and on January 29, 2016, the SEC declared effective, a resale registration statement on Form S-3 (File No. 333-208988) (the "Resale Registration Statement") with respect to the resale of their shares of Class A common stock, including the Class A common stock issued or issuable, at the Company's option, in exchange for OP Units, including OP Units into which LTIP Units may be converted.

The Company entered into a management agreement (the "Management Agreement"), with the Manager, on April 2, 2014. The terms and conditions of the Management Agreement, which became effective as of April 2, 2014, are described below.

#### *Management Agreement*

The Management Agreement requires the Manager to manage the Company's business affairs in conformity with the investment guidelines and other policies that are approved and monitored by the Company's board of directors. The Manager acts under the supervision and direction of the Board. Specifically, the Manager is responsible for (1) the selection, purchase and sale of the Company's investment portfolio, (2) the Company's financing activities, and (3) providing the Company with advisory and management services. The Manager provides the Company with a management team, including a chief executive officer, president, chief accounting officer and chief operating officer, along with appropriate support personnel. None of the officers or employees of the Manager are dedicated exclusively to the Company. The Company is dependent on its Manager to provide these services that are essential to the Company. In the event that the Manager or its affiliates are unable to provide the respective services, the Company will be required to obtain such services from other sources.

The Company pays the Manager a base management fee in an amount equal to the sum of: (A) 0.25% of the Company's stockholders' existing and contributed equity prior to the IPO and in connection with our contribution transactions, per annum, calculated quarterly based on the Company's stockholders' existing and contributed equity for the most recently completed calendar quarter and payable in quarterly installments in arrears, and (B) 1.5% of the equity per annum of the Company's stockholders who purchase shares of the Company's stock, calculated quarterly based on their equity for the most recently completed calendar quarter and payable in quarterly installments in arrears. The base management fee is payable independent of the performance of the Company's investments. The Company amended the Management Agreement to provide that the base management fee can be payable in cash or LTIP Units, at the election of the Board. The number of LTIP Units issued for the base management fee or incentive fee will be based on the fees earned divided by the 5-day trailing average Class A common stock price prior to issuance. Base management fees for the Manager of \$0.5 million were expensed for the three months ended March 31, 2015. Base management fees of \$0.7 million were expensed during the three months ended June 30, 2015, which were paid through the issuance of 59,077 LTIP Units on August 13, 2015. Base management fees of \$0.9 million were expensed during the three months ended September 30, 2015, which were paid through the issuance of 77,497 LTIP Units on November 18, 2015. Base management fees of \$1.1 million were expensed during the three months ended December 31, 2015, which were paid through the issuance of 115,304 LTIP Units on February 29, 2016. Base management fees of \$1.2 million were expensed during the three months ended March 31, 2016, which were paid through the issuance of 108,045 LTIP Units on May 10, 2016. Base management fees of \$1.4 million were expensed during the three months ended June 30, 2016, which were paid through the issuance of 105,036 LTIP Units on August 9, 2016. Base management fees of \$1.7 million were expensed during the three months ended September 30, 2016, which will be paid through the issuance of approximately 131,604 LTIP Units assuming the \$13.00 closing share price for the Company's Class A common stock on September 30, 2016. The actual number of LTIP Units to be issued in payment of the base management fees for the three months ended September 30, 2016 is subject to change based on the average closing share price of the Company's Class A common stock on the five business days prior to the date of issuance.

The Company also pays the Manager an incentive fee with respect to each calendar quarter in arrears. The incentive fee is equal to the difference between (1) the product of (x) 20% and (y) the difference between (i) the Company's adjusted funds from operations ("AFFO"), for the previous 12-month period, and (ii) the product of (A) the weighted average of the issue price of equity securities issued in the IPO and in future offerings and transactions, multiplied by the weighted average number of all shares of the Company's Class A common stock outstanding on a fully-diluted basis (including any restricted stock units, any restricted shares of Class A common stock, LTIP Units, and other shares of common stock underlying awards granted under the Incentive Plans and OP Units) in the previous 12-month period, exclusive of equity securities issued prior to the IPO or in the contribution transactions, and (B) 8%, and (2) the sum of any incentive fee paid to the Manager with respect to the first three calendar quarters of such previous 12-month period; provided, however, that no incentive fee is payable with respect to any calendar quarter unless AFFO is greater than zero for the four most recently completed calendar quarters, or the number of completed calendar quarters since the closing date of the IPO, whichever is less. For purposes of calculating the incentive fee during the first 12 months after completion of the IPO, AFFO will be determined by annualizing the applicable period following completion of the IPO. One half of each quarterly installment of the incentive fee will be payable in LTIP Units, calculated pursuant to the formula above. The remainder of the incentive fee will be payable in cash or in LTIP Units, at the election of the Board, in each case calculated pursuant to the formula above. Incentive fees of \$0.15 million were expensed during the three months ended December 31, 2014, which resulted in the issuance of 10,896 LTIP Units on February 18, 2015. Incentive fees to the Manager of \$0.9 million were expensed during the three months ended March 31, 2015, which resulted in the issuance of 67,837 LTIP Units on May 14, 2015. No incentive fees to the Manager were earned or expensed during the nine months ended December 31, 2015. Incentive fees of \$0.15 million were expensed during the nine months ended September 30, 2016 which will be paid through the issuance of approximately 11,977 LTIP Units assuming the \$13.00 closing share price for the Company's Class A common stock on September 30, 2016.

Management fee expense of \$0.1 million and \$0.3 million, and \$0.1 million and \$0.7 million, was recorded as part of general and administrative expenses for the three and nine months ended September 30, 2016 and 2015, respectively, related to the 179,562 LTIP Units granted in connection with the IPO. The expense recognized during 2016 and 2015 was based on the Class A common stock closing price at the vesting date or end of the period, as applicable. These LTIP Units vest over a three year period that began in April 2014, with 59,854 LTIP Units vested on April 30, 2015 and 59,854 LTIP Units vested on April 30, 2016.

On July 2, 2015, the Company issued a grant of LTIP Units under the Amended 2014 Incentive Plans to the Manager. The equity grant consisted of 283,390 LTIP Units (the "2015 LTIP Units"). The 2015 LTIP Units will vest ratably over a three year period that began in July 2015, subject to certain terms and conditions. On August 3, 2016, the Company issued a grant of LTIP Units under the Amended 2014 Incentive Plans to the Company's external manager, BRG Manager, LLC. The equity grant consisted of 176,610 LTIP Units (the "2016 LTIP Units"). The 2016 LTIP Units will vest ratably over a three year period that began in August 2016, subject to certain terms and conditions. These LTIP Units may be convertible into OP Units under certain conditions and then may be settled in shares of the Company's Class A common stock. These LTIP Units provide for the payment of distribution equivalents at the same time distributions are paid to holders of the Company's Class A common stock.

LTIP expense of \$0.5 million and \$1.7 million for the three and nine months ended September 30, 2016 and \$1.0 million was recorded as part of general and administrative expenses for the year ended December 31, 2015, respectively, related to the 2015 LTIP Units and the 2016 LTIP Units. The expense recognized during 2016 and 2015 was based on the Class A common stock closing price at the vesting date or the end of the period, as applicable.

The Company is also required to reimburse the Manager for certain expenses and pay all operating expenses, except those specifically required to be borne by the Manager under the Management Agreement. The Manager waived all reimbursements through the six months ended June 30, 2015. Reimbursements of \$0.3 million were expensed during the six months ended December 31, 2015 and are recorded as part of general and administrative expenses. Reimbursements of \$0.2 million and \$0.5 million were expensed during the three and nine months ended September 30, 2016, respectively, and are recorded as part of general and administrative expenses. In addition, BRG Manager was reimbursed for offering costs in conjunction with the Series B Preferred Offering of \$0.08 million and \$0.18 million during the three and nine months ended September 30, 2016.

The initial term of the Management Agreement expires on April 2, 2017 (the third anniversary of the closing of the IPO), and will be automatically renewed for a one-year term on each anniversary date thereafter unless previously terminated in accordance with the terms of the Management Agreement. Following the initial term of the Management Agreement, the Management Agreement may be terminated annually upon the affirmative vote of at least two-thirds of the Company's independent directors, based upon (1) unsatisfactory performance that is materially detrimental to the Company, or (2) the Company's determination that the fees payable to the Manager are not fair, subject to the Manager's right to prevent such termination due to unfair fees by accepting a reduction of the fees agreed to by at least two-thirds of the Company's independent directors. The Company must provide 180 days' prior notice of any such termination. Unless terminated for cause, as further described in the Management Agreement, the Manager will be paid a termination fee equal to three times the sum of the base management fee and incentive fee earned, in each case, by the Manager during the 12-month period immediately preceding such termination, calculated as of the end of the most recently completed fiscal quarter before the date of termination. The Company may also terminate the Management Agreement at any time, including during the initial term, without the payment of any termination fee, for cause with 30 days' prior written notice from the Board.

During the initial three-year term of the Management Agreement, the Company may not terminate the Management Agreement except as described above or in the following circumstance: At the earlier of (i) April 2, 2017 (three years following the completion of the IPO), and (ii) the date on which the value of the Company's stockholders' equity exceeds \$250.0 million, the Board may, but is not obligated to, internalize the Company's management. The Manager may terminate the Management Agreement if it becomes required to register as an investment company under the Investment Company Act, with such termination deemed to occur immediately before such event, in which case the Company would not be required to pay a termination fee. In addition, if the Company defaults in the performance of any material term of the Management Agreement and the default continues for a period of 30 days after written notice to the Company, the Manager may terminate the Management Agreement upon 60 days' written notice. If the Management Agreement is terminated by the Manager upon a breach by the Company, the Company is required to pay the Manager the termination fee described above.

The Manager may retain, at its sole cost and expense, the services of such persons and firms as the Manager deems necessary in connection with our management and operations (including accountants, legal counsel and other professional service providers), provided that such expenses are in amounts no greater than those that would be payable to third-party professionals or consultants engaged to perform such services pursuant to agreements negotiated on an arm's-length basis.

*Prior and Terminated Advisory Agreement*

Prior to the entry by the Company into the Management Agreement upon the completion of the IPO and the concurrent termination of the Advisory Agreement, the Former Advisor performed essentially the same duties and responsibilities as the Company's new Manager. The Advisory Agreement had a one-year term expiring October 14, 2014, and was renewable for an unlimited number of successive one-year periods upon the mutual consent of the Company and its Advisor.

The Former Advisor was entitled to the payment of certain fees in compensation for advisory and general management services rendered thereunder for periods prior to the Company's initial public offering on April 2, 2014, and reimbursements for certain costs and expenses incurred in connection with the provision thereof, in an aggregate amount of \$1.18 million. Effective on September 4, 2015, the Former Advisor and Manager entered into an Assignment Agreement pursuant to which the Former Advisor assigned its right to payment of the obligation due to the Former Advisor to the Manager. The Manager agreed to receive the payment entirely in LTIP Units of the Operating Partnership. The obligation was paid by the number of LTIP Units equal to (i) the dollar amount of the obligation payable in such LTIP Units (calculated as \$1.18 million), divided by (ii) the average of the closing prices of the Company's Class A common stock, \$0.01 par value per share, on the NYSE MKT on the five business days prior to the issuance date. The payment was made through the issuance of 108,119 LTIP Units by the Operating Partnership to the Manager on the September 14, 2015. The LTIP Units were fully vested upon issuance, and may convert to OP Units upon reaching capital account equivalency with the OP Units held by the Company, and may then be settled in shares of the Company's Class A common stock. The Manager will be entitled to receive "distribution equivalents" with respect to the LTIP Units at the same time distributions are paid to the holders of the Company's Class A common stock.

*Selling Commissions and Dealer Manager Fees*

In conjunction with the offering of the Series B Preferred Stock, the Company engaged a related party, as dealer manager, and pays up to 10% of the gross offering proceeds from the offering as selling commissions and dealer manager fees. The dealer manager may re-allow the selling commissions and dealer manager fees to participating broker-dealers, and is expected to incur costs in excess of the 10%, which costs will be borne by the dealer manager. As of September 30, 2016, the Company has incurred \$0.6 million and \$0.3 million, in selling commissions and dealer manager fees, respectively.

All of the Company's executive officers, and some of its directors, are also executive officers, managers and/or holders of a direct or indirect controlling interest in the Manager and other Bluerock-affiliated entities. As a result, they owe fiduciary duties to each of these entities, their members, limited partners and investors, which fiduciary duties may from time to time conflict with the fiduciary duties that they owe to the Company and its stockholders.

Some of the material conflicts that the Manager or its affiliates face are: 1) the determination of whether an investment opportunity should be recommended to us or another Bluerock-sponsored program or Bluerock-advised investor; 2) the allocation of the time of key executive officers, directors, and other real estate professionals among the Company, other Bluerock-sponsored programs and Bluerock-advised investors, and the activities in which they are involved; and 3) the fees received by the Manager and its affiliates.

Pursuant to the terms of the Management Agreement, summarized below are the related party amounts payable to our Manager, as of September 30, 2016 and December 31, 2015 (in thousands):

	September 30, 2016	December 31, 2015
<b>Amounts Payable to the Manager under the Management Agreement</b>		
Base management fee	\$ 1,711	\$ 1,133
Incentive fee	155	-
Operating expense reimbursements and direct expense reimbursements	210	218
Offering expense reimbursements	76	-
Total amounts payable to Manager	<u>\$ 2,152</u>	<u>\$ 1,351</u>

As of September 30, 2016 and December 31, 2015, the Company had no amounts and \$0.1 million, respectively, in payables due to related parties other than the Manager.

As of September 30, 2016 and December 31, 2015, the Company had \$1.0 million and \$0.9 million, respectively, in receivables due from related parties other than the Manager primarily for accrued preferred returns for the most recent month.

*Preferred Equity Investments and Investments in Unconsolidated Real Estate Joint Ventures*

The Company invests with related parties in various joint ventures in which the Company owns either preferred or common interests. Please refer to Footnote 6 for further information.

*Bluerock Property Management, LLC*

The Company incurred \$0.14 million in property management fees to Bluerock Property Management, LLC, an affiliate of Bluerock, on behalf of the North Park Towers property during the nine months ended September 30, 2015. No property management fees were payable in 2016 due to the sale of North Park Towers in October 2015.

**Note 10 – Stockholders’ Equity**

*Net Income (Loss) Per Common Share*

Basic net income (loss) per common share is computed by dividing net income (loss) attributable to common stockholders, less dividends on restricted stock expected to vest plus gains on redemptions on common stock, by the weighted average number of common shares outstanding for the period. Diluted net income (loss) per common share is computed by dividing net income (loss) attributable to common stockholders by the sum of the weighted average number of common shares outstanding and any potential dilutive shares for the period. Net income (loss) attributable to common stockholders is computed by adjusting net income (loss) for the non-forfeitable dividends paid on non-vested restricted stock.

The Company considers the requirements of the two-class method when preparing earnings per share. Earnings per share is not affected by the two-class method because the Company’s Class A, B-1, B-2 and B-3 common stock and LTIP Units participate in dividends on a one-for-one basis.

The following table reconciles the components of basic and diluted net (loss) income per common share (amounts in thousands, except share and per share amounts):

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Net (loss) income attributable to common stockholders	\$ (2,551)	\$ (574)	(11,727)	\$ 2,157
Dividends on restricted stock expected to vest	-	(4)	(4)	(12)
Basic net (loss) income attributable to common stockholders	<u>\$ (2,551)</u>	<u>\$ (578)</u>	<u>\$ (11,731)</u>	<u>\$ 2,145</u>
Weighted average common shares outstanding <sup>(1)</sup>	<u>20,908,543</u>	<u>20,166,384</u>	<u>20,706,338</u>	<u>16,383,736</u>
Potential dilutive shares <sup>(2)</sup>	—	—	—	12,302
Weighted average common shares outstanding and potential dilutive shares <sup>(1)</sup>	<u>20,908,543</u>	<u>20,166,384</u>	<u>20,706,338</u>	<u>16,396,038</u>
<b>Net (loss) income per common share, basic</b>	<u>\$ (0.12)</u>	<u>\$ (0.03)</u>	<u>\$ (0.57)</u>	<u>\$ 0.13</u>
<b>Net (loss) income per common share, diluted</b>	<u>\$ (0.12)</u>	<u>\$ (0.03)</u>	<u>\$ (0.57)</u>	<u>\$ 0.13</u>

The effect of the conversion of OP Units is not reflected in the computation of basic and diluted earnings per share, as they are exchangeable for Class A common stock on a one-for-one basis. The income allocable to such units is allocated on this same basis and reflected as noncontrolling interests in the accompanying consolidated financial statements. As such, the assumed conversion of these units would have no net impact on the determination of diluted earnings per share.

(1) For 2016, amounts relate to shares of the Company’s Class A, B-3 common stock and LTIP Units outstanding. For 2015, amounts relate to shares of Class A, B-1, B-2 and B-3 common stock and LTIP Units outstanding.

(2) Excludes 1,184 and 5,498 shares of common stock, for the three and nine months ended September 30, 2016 and 15,272 shares of common stock, for the three months ended September 30, 2015, related to non-vested restricted stock, as the effect would be anti-dilutive.

### *Class A Common Stock and Class B Common Stock*

The Company raised capital in a continuous registered offering, carried out in a manner consistent with offerings of non-listed REITs, from its inception until September 9, 2013, when it terminated the continuous registered offering in connection with the Board's consideration of strategic alternatives to maximize value to the Company's stockholders. Through September 9, 2013, the Company had raised an aggregate of \$22.6 million in gross proceeds through its continuous registered offering, including its distribution reinvestment plan.

The Company subsequently determined to register shares of newly authorized Class A common stock that were to be offered in a firmly underwritten public offering (the "IPO"), by filing a registration statement on Form S-11 (File No. 333-192610) with the Securities and Exchange Commission (the "SEC") on November 27, 2013. On March 28, 2014, the SEC declared the registration statement effective and the Company announced the pricing of the IPO of 3,448,276 shares of Class A common stock at a public offering price of \$14.50 per share for total gross proceeds of \$50.0 million. The net proceeds of the IPO, which closed on April 2, 2014, were approximately \$44.0 million after deducting underwriting discounts and commissions and offering costs. The Company listed its Class A common stock on the NYSE MKT on March 28, 2014.

In connection with the IPO, on January 23, 2014, the Company's stockholders approved the second articles of amendment and restatement to the Company's charter (the "Second Charter Amendment"), which provided, among other things, for the designation of a new share class of Class A common stock, and for the change of each existing outstanding share of the Company's common stock into:

- 1/3 of a share of Class B-1 common stock; plus
- 1/3 of a share of Class B-2 common stock; plus
- 1/3 of a share of Class B-3 common stock.

This transaction was effective upon filing the Second Charter Amendment with the State Department of Assessments and Taxation of the State of Maryland on March 26, 2014. Immediately following the filing of the Second Charter Amendment, the Company effectuated a 2.264881 to 1 reverse stock split of its outstanding shares of Class B-1 common stock, Class B-2 common stock and Class B-3 common stock, and on March 31, 2014, the Company effected an additional 1.0045878 to 1 reverse stock split of its outstanding shares of Class B-1 common stock, Class B-2 common stock and Class B-3 common stock.

The Company refers to Class B-1 common stock, Class B-2 common stock and Class B-3 common stock collectively as "Class B" common stock. The Class B common stock is identical to the Class A common stock, except that (i) the Company does not intend to list the Class B common stock on a national securities exchange, and (ii) shares of the Class B common stock convert automatically into shares of Class A common stock at specified times, as follows:

- March 23, 2015, in the case of the Class B-1 common stock;
- September 19, 2015, in the case of the Class B-2 common stock; and
- March 17, 2016, in the case of the Class B-3 common stock.

On March 23, 2015, 353,630 shares of Class B-1 common stock converted into Class A common stock in accordance with the above, and no Class B-1 common stock remains outstanding. On September 19, 2015, 353,630 shares of Class B-2 common stock converted into Class A common stock in accordance with the above, and no Class B-2 common stock remains outstanding. On March 17, 2016, 353,629 shares of Class B-3 common stock converted into Class A common stock in accordance with the above, and no Class B-3 common stock remains outstanding.

### *Follow-On Equity Offerings*

On January 20, 2015, the Company completed an underwritten shelf takedown offering (the "January 2015 Follow-On Offering") of 4,600,000 shares of its Class A common stock, par value \$0.01 per share, inclusive of shares sold pursuant to the full exercise of the overallotment option by the underwriters. The shares were registered with the SEC pursuant to a registration statement on Form S-3 (File No. 333-200359) filed with the SEC on November 19, 2014 and declared effective on December 19, 2014 (the "December 2014 Shelf Registration Statement"). The public offering price of \$12.50 per share was announced on January 14, 2015. Net proceeds of the January 2015 Follow-On Offering were approximately \$53.7 million after deducting underwriting discounts and commissions and estimated offering expenses.

On May 22, 2015, the Company completed an underwritten shelf takedown offering (the "May 2015 Follow-On Offering") of 6,348,000 shares of Class A common stock, par value \$0.01 per share, inclusive of shares sold pursuant to the full exercise of the overallotment option by the underwriters. The shares were registered with the SEC pursuant to the December 2014 Shelf Registration Statement. The public offering price of \$13.00 per share was announced on May 19, 2015. Net proceeds of the May 2015 Follow-On Offering were approximately \$77.6 million after deducting underwriting discounts and commissions and offering costs.

On October 21, 2015, the Company completed an underwritten offering of 2,875,000 shares of 8.250% Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share, liquidation preference \$25.00 per share (the “Series A Preferred Stock”), inclusive of shares sold pursuant to the full exercise of the overallotment option by the underwriters (the “October 2015 Preferred Stock Offering”). The shares were registered with the SEC pursuant to the December 2014 Shelf Registration Statement. The public offering price of \$25.00 per share was announced on October 16, 2015. Net proceeds of the October 2015 Preferred Stock Offering were approximately \$69.2 million after deducting underwriting discounts and commissions and estimated offering costs.

On April 25, 2016, the Company completed an underwritten offering of 2,300,000 shares of Series A Preferred Stock, inclusive of shares sold pursuant to the full exercise of the overallotment option by the underwriters (the “April 2016 Preferred Stock Offering”). The shares were registered with the SEC pursuant to the January 2016 Shelf Registration Statement. The public offering price of \$25.00 per share was announced on April 20, 2016. Net proceeds of the April 2016 Preferred Stock Offering were approximately \$55.3 million after deducting underwriting discounts and commissions and estimated offering costs.

On May 26, 2016, the Company completed an offering of 400,000 shares of Series A Preferred Stock, (the “May 2016 Preferred Stock Offering”). The shares were registered with the SEC pursuant to the January 2016 Shelf Registration Statement. The offering price of \$25.00 per share was announced on May 26, 2016. Net proceeds of the May 2016 Preferred Stock Offering were approximately \$9.5 million after deducting underwriting discounts and commissions and estimated offering costs.

On July 19, 2016, the Company completed an underwritten offering (the “July 2016 Preferred Stock Offering”) of 2,300,000 shares of 7.625% Series C Cumulative Redeemable Preferred Stock, par value \$0.01 per share, liquidation preference \$25.00 per share, inclusive of shares sold pursuant to the full exercise of the overallotment option by the underwriters. The shares were registered with the SEC pursuant to the January 2016 Shelf Registration Statement. The public offering price of \$25.00 per share was announced on July 12, 2016. Net proceeds of the July 2016 Preferred Stock Offering were approximately \$55.3 million after deducting underwriting discounts and commissions and estimated offering costs.

#### *At-the-Market Offerings*

On March 29, 2016, the Company, its Operating Partnership and its Manager entered into an At Market Issuance Sales Agreement (the “Series A Sales Agreement”) with FBR Capital Markets & Co. (“FBR”), and MLV & Co. LLC (“MLV”). Pursuant to the Series A Sales Agreement, FBR and MLV will act as distribution agents with respect to the offering and sale of up to \$100,000,000 in shares of Series A Preferred Stock in “at the market offerings” as defined in Rule 415 under the Securities Act, including without limitation sales made directly on or through the NYSE MKT, or on any other existing trading market for Series A Preferred Stock or through a market maker (the “Series A ATM Offering”). Since March 31, 2016, the Company sold 146,460 shares of Series A Preferred Stock in the ATM Offering through April 8, 2016. On April 8, 2016, the Company delivered notice to each of FBR and MLV, pursuant to the terms of the Series A Sales Agreement, to suspend all sales under the Series A ATM Offering. As of September 30, 2016, the Company has sold 146,460 shares of Series A Preferred Stock in the Series A ATM Offering for net proceeds of approximately \$3.6 million after commissions.

On August 8, 2016, the Company, its Operating Partnership and its Manager entered into an At Market Issuance Sales Agreement (the “Class A Sales Agreement”) with FBR. Pursuant to the Class A Sales Agreement, FBR will act as distribution agent with respect to the offering and sale of up to \$100,000,000 in shares of Class A common stock in “at the market offerings” as defined in Rule 415 under the Securities Act, including without limitation sales made directly on or through the NYSE MKT, or on any other existing trading market for Class A common stock or through a market maker (the “Class A Common Stock ATM Offering”). The Company has not commenced any sales through the Class A Common Stock ATM Offering.

On September 14, 2016, the Company, its Operating Partnership and its Manager entered into an At Market Issuance Sales Agreement (the “Series C Sales Agreement”) with FBR. Pursuant to the Series C Sales Agreement, FBR will act as distribution agent with respect to the offering and sale of up to \$36,000,000 in shares of Series C Preferred Stock in “at the market offerings” as defined in Rule 415 under the Securities Act, including without limitation sales made directly on or through the NYSE MKT, or on any other existing trading market for Series C Preferred Stock or through a market maker (the “Series C ATM Offering”). Since September 14, 2016, the Company sold 23,750 shares of Series C Preferred Stock in the Series C ATM Offering through September 27, 2016. On September 27, 2016, the Company delivered notice to FBR, pursuant to the terms of the Series C Sales Agreement, to suspend all sales under the Series C ATM Offering. As of September 30, 2016, the Company has sold 23,750 shares of Series C Preferred Stock in the Series C ATM Offering for net proceeds of approximately \$0.6 million after commissions.

#### *Shelf Registration Statements*

On January 12, 2016, the Company filed, and on January 29, 2016, the SEC declared effective on Form S-3 (File No. 333-208956), a shelf registration statement that expires in January 2019 (the “January 2016 Shelf Registration Statement”). The securities covered by the January 2016 Shelf Registration Statement cannot exceed \$1,000,000,000 in the aggregate and include common stock, preferred stock, depository shares representing preferred stock, debt securities, warrants to purchase stock or debt securities and units. The Company may periodically offer one or more of these securities in amounts, prices and on terms to be announced when and if these securities are offered. The specifics of any future offerings, along with the use of proceeds of any securities offered, will be described in detail in a prospectus supplement, or other offering materials, at the time of the offering.

On January 13, 2016, the Company filed, and on January 29, 2016, the SEC declared effective on Form S-3 (File No. 333-208988), a resale shelf registration statement that expires in January 2019 (the “Resale Registration Statement”). The Resale Registration Statement provides that selling stockholders named therein may offer for sale up to 2,262,621 shares of Class A common stock currently held or issuable in exchange for units of limited partnership in the Operating Partnership, tendered for redemption by the selling stockholders. The Company will not receive any proceeds from the sale of these securities.

*Termination of Original Series B Preferred Stock Offering, Reclassification of Original Series B Preferred Stock, and Filing of New Prospectus Supplement for Offering of Reclassified Series B Preferred Stock*

On December 17, 2015, the Company filed a prospectus supplement to the December 2014 Shelf Registration Statement offering a maximum of 150,000 Units (the “Original Units”) consisting of 150,000 shares of Series B redeemable preferred stock (the “Original Series B Preferred Stock”) and warrants (the “Original Warrants”) to purchase 3,000,000 shares of Class A common stock (liquidation preference \$1,000 per share of Original Series B Preferred Stock). As of December 31, 2015, no Original Units had been sold.

On February 22, 2016, the Company’s board of directors authorized the termination of the offering of the Original Series B Preferred Stock in order to revise certain terms thereof, and the reclassification of the Original Series B Preferred Stock. On February 23, 2016, the Company terminated the offering of the Original Series B Preferred Stock, and on February 24, 2016, the Company filed a new prospectus supplement to the December 2014 Shelf Registration Statement offering a maximum of 150,000 Units (the “Series B Units”) consisting of 150,000 shares of the reclassified Series B redeemable preferred stock (the “Series B Preferred Stock”) and warrants (the “Warrants”) to purchase 3,000,000 shares of Class A common stock (liquidation preference \$1,000 per share of Series B Preferred Stock) (the “Series B Preferred Offering”). As of September 30, 2016, the Company has sold 8,827 shares of Series B Preferred Stock and 8,827 Warrants to purchase 176,540 shares of Class A common stock for net proceeds of approximately \$7.9 million after commissions and fees.

*Series A Cumulative Redeemable Preferred Stock*

The Series A Preferred Stock ranks senior to common stock and on parity with the Series B Preferred Stock and Series C Preferred Stock as to rights upon our liquidation, dissolution or winding up. The Series A Preferred Stock is entitled to priority cumulative dividends to be paid quarterly, in arrears, when, as and if authorized by the board of directors. Commencing October 21, 2022, the annual dividend rate will increase by 2.0% annually, up to a maximum of 14.0%, if not redeemed by the holder or not previously redeemed by the Company. Commencing on October 21, 2022, holders may, at their option, elect to have the Company redeem their shares at a redemption price of \$25.00 per share, plus an amount equal to accrued but unpaid dividends, payable by the Company at its option in cash or shares of Class A common stock. The Company may not redeem the Series A Preferred Stock before October 21, 2020, except in limited circumstances related to its qualification as a REIT, complying with an asset coverage ratio or upon a change in control. After October 21, 2020, the Company can redeem for a redemption price of \$25.00 per share plus any accrued and unpaid dividends.

At the date of issuance, the carrying amount of the Series A Preferred Stock was less than the redemption value. As a result of the Company’s determination that redemption is probable, the carrying value will be increased by periodic accretions so that the carrying value will equal the redemption amount at the earliest redemption date. Such accretion is recorded as a preferred stock dividend on the Statement of Stockholders’ Equity.

*Series B Cumulative Redeemable Preferred Stock*

The Series B Preferred Stock ranks senior to common stock and on parity with the Series A Preferred Stock and Series C Preferred Stock as to rights upon our liquidation, dissolution or winding up. The Series B Preferred Stock is entitled to priority cumulative dividends to be paid monthly, in arrears, when, as and if authorized by the board of directors. Holders may, at their option, elect to have the Company redeem their shares through the first year from issuance subject to a 13% redemption fee. After year one, the redemption fee decreases to 10%, after year three it decreases to 5%, after year four it decreases to 3%, and after year five there is no redemption fee. Any redeemed shares are entitled to any accrued but unpaid dividends at the time of the redemption, payable by the Company at its option in cash or shares of Class A common stock. The Company may redeem the Series B Preferred Stock beginning two years from the original issuance for the liquidation preference per share plus any accrued and unpaid dividends in either cash or shares of Class A common stock, based on the volume weighted average price for the Class A common shares for the 20 trading days prior to the redemption.

At the date of issuance, the carrying amount of the Series B Preferred Stock was less than the redemption value. As a result of the Company’s determination that redemption is probable, the carrying value will be increased by periodic accretions so that the carrying value will equal the redemption amount at the earliest redemption date. Such accretion is recorded as a preferred stock dividend on the Statement of Stockholders’ Equity.

### *Series C Cumulative Redeemable Preferred Stock*

The Series C Preferred Stock ranks senior to common stock and on parity with the Series A Preferred Stock and the Series B Preferred Stock as to rights upon liquidation, dissolution or winding up. The Series C Preferred Stock is entitled to priority cumulative dividends to be paid quarterly, in arrears, when, as and if authorized by the board of directors. Commencing July 19, 2023, the annual dividend rate will increase by 2.0% annually, up to a maximum of 14.0%, if not redeemed by the holder or not previously redeemed by the Company. Commencing on July 19, 2023, holders may, at their option, elect to have the Company redeem their shares at a redemption price of \$25.00 per share, plus an amount equal to accrued but unpaid dividends, payable by the Company at its option in cash or shares of Class A common stock. The Company may not redeem the Series C Preferred Stock before July 19, 2021, except in limited circumstances related to its qualification as a REIT, complying with an asset coverage ratio or upon a change in control. After July 19, 2021, the Company can redeem for a redemption price of \$25.00 per share plus any accrued and unpaid dividends.

At the date of issuance, the carrying amount of the Series C Preferred Stock was less than the redemption value. As a result of the Company's determination that redemption is probable, the carrying value will be increased by periodic accretions so that the carrying value will equal the redemption amount at the earliest redemption date. Such accretion is recorded as a preferred stock dividend on the Statement of Stockholders' Equity.

### *Operating Partnership and Long-Term Incentive Plan Units*

On April 2, 2014, concurrently with the completion of the IPO, the Company entered into the Second Amended and Restated Agreement of Limited Partnership of its Operating Partnership, Bluerock Residential Holdings, L.P. Pursuant to the amendment, the Company is the sole general partner of the Operating Partnership and may not be removed as general partner by the limited partners with or without cause. The limited partners of the Operating Partnership were Bluerock REIT Holdings, LLC, BR-NPT Springing Entity, LLC ("NPT"), Bluerock Property Management, LLC ("BPM"), our Manager, and Bluerock Multifamily Advisor, LLC (the "Former Advisor"), all of which are affiliates of Bluerock.

Prior to the completion of the IPO, the Company owned, directly and indirectly, 100% of the limited partnership units in the Operating Partnership. Effective as of the completion of the IPO, limited partners other than the Company owned approximately 9.87% of the Operating Partnership (282,759 OP Units, or 4.59%, were held by OP Unit holders, and 325,578 LTIP Units, or 5.28%, were held by LTIP Unit holders.) As of September 30, 2016, limited partners other than the Company owned approximately 8.22% of the Operating Partnership (301,136 OP Units, or 1.41%, is held by OP Unit holders, and 1,451,527 LTIP Units, or 6.81%, is held by LTIP Unit holders.)

The Partnership Agreement, as amended, provides, among other things, that the Operating Partnership initially has two classes of limited partnership interests, which are units of limited partnership interest ("OP Units"), and the Operating Partnership's long-term incentive plan units ("LTIP Units"). In calculating the percentage interests of the partners in the Operating Partnership, LTIP Units are treated as OP Units. In general, LTIP Units will receive the same per-unit distributions as the OP Units. Initially, each LTIP Unit will have a capital account balance of zero and, therefore, will not have full parity with OP Units with respect to any liquidating distributions. However, the Partnership Agreement Amendment provides that "book gain," or economic appreciation, in the Company's assets realized by the Operating Partnership as a result of the actual sale of all or substantially all of the Operating Partnership's assets, or the revaluation of the Operating Partnership's assets as provided by applicable U.S. Department of Treasury regulations, will be allocated first to the holders of LTIP Units until their capital account per unit is equal to the average capital account per-unit of the Company's OP Unit holders in the Operating Partnership. The Company expects that the Operating Partnership will issue OP Units to limited partners, and the Company, in exchange for capital contributions of cash or property, and will issue LTIP Units pursuant to the Company's Amended and Restated 2014 Equity Incentive Plan for Individuals and Amended and Restated 2014 Equity Incentive Plan for Entities (collectively, the "Amended 2014 Incentive Plans"), to persons who provide services to the Company, including the Company's officers, directors and employees.

Pursuant to the Partnership Agreement, as amended, any holders of OP Units, other than the Company or its subsidiaries, will receive redemption rights which, subject to certain restrictions and limitations, will enable them to cause the Operating Partnership to redeem their OP Units in exchange for cash or, at the Company's option, shares of the Company's Class A common stock, on a one-for-one basis. The Company agreed to file, not earlier than one year after the closing of the IPO, one or more registration statements registering the issuance or resale of shares of its Class A common stock issuable upon redemption of the OP Units issued upon conversion of LTIP Units, which include those issued to the Manager and the Former Advisor. Subject to certain exceptions, the Operating Partnership will pay all expenses in connection with the exercise of registration rights under the Partnership Agreement. The Resale Shelf Registration Statement covers all such OP Units and LTIP Units issued prior to January 18, 2016.

The Operating Partnership, in conjunction with the issuance of preferred stock by the Company, has issued preferred OP Units which provide for similar rights as for each class of preferred stock.

## Equity Incentive Plans

Prior to the Company's IPO on April 2, 2014, the Company's independent directors received an automatic grant of 5,000 shares of restricted stock on the initial effective date of the continuous registered offering and received an automatic grant of 2,500 shares of restricted stock when such directors were re-elected at each annual meeting of the Company's stockholders thereafter through the 2013 annual meeting held on August 5, 2013. The restricted stock vested 20% at the time of the grant and 20% on each anniversary thereafter over four years from the date of the grant. All shares of restricted stock granted to the independent directors receive distributions, whether vested or unvested. The value of the restricted stock granted was determined at the date of grant. Commencing with the Company's IPO, the Company's independent directors no longer receive automatic grants upon appointment or reelection at each annual meeting of the Company's stockholders.

On March 24, 2015, in accordance with the Company's 2014 Equity Incentive Plan for Individuals (the "2014 Individuals Plan"), the Board authorized and each of the Company's independent directors received two grants of 2,500 restricted shares of the Company's Class A common stock. The first grant of 2,500 restricted shares related to services rendered in 2014 (each, a "2014 Restricted Stock Award"), while the second grant of 2,500 restricted shares relates to services rendered or to be rendered in 2015 (each, a "2015 Restricted Stock Award"). The vesting schedule for each 2014 Restricted Stock Award was as follows: (i) 834 shares as of March 24, 2015, (ii) 833 shares on March 24, 2016, and (iii) 833 shares on March 24, 2017. The vesting schedule for each 2015 Restricted Stock Award was as follows: (i) 834 shares as of March 24, 2016, (ii) 833 shares on March 24, 2017, and (iii) 833 shares on March 24, 2018. The stock awards were made pursuant to certain stock award agreements by and between the Company and each independent director, each dated effective as of March 24, 2015 (collectively, the "2014-2015 Stock Award Agreements").

On February 22, 2016, the board reviewed peer REIT compensation practices for independent directors, and found that equity awards for peer REITs generally vest either on the grant date, or after one year. In order to normalize compensation practices with peer REITs, on February 22, 2016, the board approved the amendment of each of the 2014-2015 Stock Award Agreements, effective as of March 24, 2016, such that the Stock Awards that did not vest on the grant date of March 24, 2015 vested on the one-year anniversary of such grant date. As a result, (i) 1,666 shares of the 2014 Stock Award to each independent director, and (ii) all 2,500 shares of the 2015 Stock Award to each independent director, became vested and nonforfeitable on March 24, 2016. The expense for the accelerated vesting was approximately \$0.1 million which was recorded in the three months ended March 31, 2016.

On May 28, 2015, the Company's stockholders approved the amendment and restatement of the 2014 Individuals Plan (the "Amended 2014 Individuals Plan"), and the Company's 2014 Entities Plan (the "Amended 2014 Entities Plan" and together with the Amended 2014 Individuals Plan, the "Amended 2014 Incentive Plans"). The Amended 2014 Incentive Plans allow for the issuance of up to 475,000 shares of Class A common stock. The Amended 2014 Incentive Plans provide for the grant of options to purchase shares of the Company's common stock, stock awards, stock appreciation rights, performance units, incentive awards and other equity-based awards.

On March 24, 2016, the Company granted a total of 7,500 shares of Class A common stock to its independent directors. The fair value of the grants was approximately \$0.1 million and the shares vested immediately.

A summary of the status of the Company's non-vested shares as of September 30, 2016 is as follows (amounts in thousands, except share amounts):

<b>Non-Vested shares</b>	<b>Shares <sup>(1)</sup></b>	<b>Weighted average grant-date fair value <sup>(1)</sup></b>
Balance at January 1, 2016	14,476	\$ 14.46
Granted	7,500	10.33
Vested	(21,317)	12.75
Forfeited	—	—
Balance at September 30, 2016	659	\$ 22.75

<sup>(1)</sup> The number of shares and per share amounts for the prior period have been retroactively restated to reflect the two reverse stock splits of the Class B common stock discussed above.

At September 30, 2016, there was \$0.01 million of total unrecognized compensation cost related to unvested restricted stocks granted under the independent director compensation plan. The original cost is expected to be recognized over a period of 0.83 years.

*Equity Incentive Plans - LTIP Grants*

On July 2, 2015, the Company issued a grant of LTIP Units under the Amended 2014 Incentive Plans to the Manager. The equity grant consisted of 283,390 LTIP Units (the "2015 LTIP Units"). The 2015 LTIP Units will vest ratably over a three year period that began in July 2015, subject to certain terms and conditions. On August 3, 2016, the Company issued a grant of LTIP Units under the Amended 2014 Incentive Plans to the Manager. The equity grant consisted of 176,610 LTIP Units (the "2016 LTIP Units"). The 2016 LTIP Units will vest ratably over a three year period that began in August 2016, subject to certain terms and conditions. These LTIP Units may be convertible into OP Units under certain conditions and then may be settled in shares of the Company's Class A common stock. These LTIP Units provide for the payment of distribution equivalents at the same time distributions are paid to holders of the Company's Class A common stock.

LTIP expense of \$0.5 million and \$1.7 million was recorded as part of general and administrative expenses for the three and nine months ended September 30, 2016, respectively, related to the 2015 LTIP Units and the 2016 LTIP Units. The expense recognized during 2016 was based primarily on a price of \$13.00 per LTIP Unit, which represents the closing share price for the Company's Class A common stock on September 30, 2016.

*Distributions*

<b>Declaration Date</b>	<b>Payable to stockholders of record as of</b>	<b>Amount</b>	<b>Date Paid</b>
<b>Class A common stock</b>			
October 7, 2015	December 25, 2015	\$ 0.096667	January 5, 2016
January 13, 2016	January 25, 2016	\$ 0.096666	February 5, 2016
January 13, 2016	February 25, 2016	\$ 0.096667	March 5, 2016
January 13, 2016	March 24, 2016	\$ 0.096667	April 5, 2016
April 8, 2016	April 25, 2016	\$ 0.096666	May 5, 2016
April 8, 2016	May 25, 2016	\$ 0.096667	June 6, 2016
April 8, 2016	June 24, 2016	\$ 0.096667	July 5, 2016
July 8, 2016	July 25, 2016	\$ 0.096666	August 5, 2016
July 8, 2016	August 25, 2016	\$ 0.096667	September 5, 2016
July 8, 2016	September 23, 2016	\$ 0.096667	October 5, 2016
<b>Class B-3 common stock</b>			
October 7, 2015	December 25, 2015	\$ 0.096667	January 5, 2016
January 13, 2016	January 25, 2016	\$ 0.096666	February 5, 2016
January 13, 2016	February 25, 2016	\$ 0.096667	March 5, 2016
<b>Series A Preferred Stock</b>			
December 14, 2015	December 24, 2015	\$ 0.401000	January 5, 2016
March 11, 2016	March 24, 2016	\$ 0.515625	April 5, 2016
June 10, 2016	June 24, 2016	\$ 0.515625	July 5, 2016
September 9, 2016	September 23, 2016	\$ 0.515625	October 5, 2016
<b>Series B Preferred Stock</b>			
April 15, 2016	April 25, 2016	\$ 5.00	May 5, 2016
May 13, 2016	May 25, 2016	\$ 5.00	June 3, 2016
June 10, 2016	June 24, 2016	\$ 5.00	July 5, 2016
July 8, 2016	July 25, 2016	\$ 5.00	August 5, 2016
July 8, 2016	August 25, 2016	\$ 5.00	September 5, 2016
July 8, 2016	September 23, 2016	\$ 5.00	October 5, 2016
<b>Series C Preferred Stock</b>			
September 9, 2016	September 23, 2016	\$ 0.39184	October 5, 2016

A portion of each dividend may constitute a return of capital for tax purposes. There is no assurance that the Company will continue to declare dividends or at this rate.

Holders of OP and LTIP Units are entitled to receive "distribution equivalents" at the same time as dividends are paid to holders of the Company's Class A common stock.

The Company has a dividend reinvestment plan that allows for participating stockholders to have their dividend distributions automatically invested in additional Class A common shares based on the average price of the shares on the investment date. The Company plans to issue Class A common shares to cover shares required for investment.

Distributions declared and paid for the nine months ended September 30, 2016 were as follows (amounts in thousands):

2016	Distributions	
	Declared	Paid
<b>First Quarter</b>		
Class A Common Stock	\$ 5,604	\$ 5,569
Class B-3 Common Stock	68	102
Series A Preferred Stock	1,482	1,153
OP Units	89	89
LTIP Units	283	270
Total first quarter 2016	\$ 7,526	\$ 7,183
<b>Second Quarter</b>		
Class A Common Stock	\$ 5,674	\$ 5,674
Series A Preferred Stock	2,951	1,481
Series B Preferred Stock	18	8
OP Units	89	89
LTIP Units	328	319
Total second quarter 2016	\$ 9,060	\$ 7,571
<b>Third Quarter</b>		
Class A Common Stock	5,674	5,674
Series A Preferred Stock	2,950	2,951
Series B Preferred Stock	88	54
Series C Preferred Stock	902	-
OP Units	88	89
LTIP Units	394	348
Total third quarter 2016	10,096	9,116
Total year-to-date	\$ 26,682	\$ 23,870

#### Note 11 – Commitments and Contingencies

The Company is subject to various legal actions and claims arising in the ordinary course of business. Although the outcome of any legal matter cannot be predicted with certainty, management does not believe that any of these legal proceedings or matters will have a material adverse effect on the consolidated financial position or results of operations or liquidity of the Company.

On March 15, 2016, the Company, through its Operating Partnership and several affiliated unconsolidated co-borrowers that are accounted for on the equity method of accounting, entered into an approximately \$14.9 million secured credit facility (“Credit Facility”) with KeyBank as lender. The proceeds of the Credit Facility may be used for payment (or reimbursement) of acquisition costs, fees and expenses of the mortgaged properties and to fund interest advances. Draws under the Credit Facility are secured by properties owned by unconsolidated real estate joint ventures in Garland, Texas, Charlotte, North Carolina and Fort Lauderdale, Florida. At the closing of the loan, an initial advance of approximately \$10.4 million was made directly to the affiliated property entities and the liability was recorded by the unconsolidated entities and prior advances were repaid to the Operating Partnership. Principal amounts may be repaid at any time without penalty, and amounts repaid may not be re-borrowed. The borrowings under the Credit Facility are at a rate equal to LIBOR plus 3.75% or the base rate plus 2.75%, at the company’s option. Our Operating Partnership’s obligations with respect to the Credit Facility are guaranteed by us, pursuant to the terms of a limited recourse guaranty dated as of March 15, 2016. The outstanding credit facility balance at September 30, 2016, was \$10.6 million.

## Note 12 – Subsequent Events

### Declaration of Dividends

Declaration Date	Payable to stockholders of record as of	Amount	Payable Date
<b>Class A common stock</b>			
October 4, 2016	October 25, 2016	\$ 0.096666	November 4, 2016
October 4, 2016	November 25, 2016	\$ 0.096667	December 5, 2016
October 4, 2016	December 23, 2016	\$ 0.096667	January 5, 2017
<b>Series B Preferred Stock</b>			
October 4, 2016	October 25, 2016	\$ 5.00	November 4, 2016
October 4, 2016	November 25, 2016	\$ 5.00	December 5, 2016
October 4, 2016	December 23, 2016	\$ 5.00	January 5, 2017

Holders of OP and LTIP Units are entitled to receive "distribution equivalents" at the same time as dividends are paid to holders of the Company's Class A common stock.

A portion of each dividend may constitute a return of capital for tax purposes. There is no assurance that the Company will continue to declare dividends or at this rate.

### Distributions Paid

The following distributions were paid to the Company's holders of Class A common stock, Series A Preferred Stock, as well as holders of OP and LTIP Units subsequent to September 30, 2016 (amounts in thousands):

Shares	Declaration Date	Record Date	Date Paid	Distributions per Share	Total Distribution
Class A Common Stock	July 8, 2016	September 23, 2016	October 5, 2016	\$ 0.096667	\$ 1,891
Series A Preferred Stock	September 9, 2016	September 23, 2016	October 5, 2016	\$ 0.515625	\$ 2,950
Series B Preferred Stock	July 8, 2016	September 23, 2016	October 5, 2016	\$ 5.000000	\$ 43
Series C Preferred Stock	September 9, 2016	September 23, 2016	October 5, 2016	\$ 0.391840	\$ 902
OP Units	July 8, 2016	September 23, 2016	October 5, 2016	\$ 0.096667	\$ 29
LTIP Units	July 8, 2016	September 23, 2016	October 5, 2016	\$ 0.096667	\$ 158
Class A Common Stock	October 4, 2016	October 25, 2016	November 4, 2016	\$ 0.096666	\$ 1,891
Series B Preferred Stock	October 4, 2016	October 25, 2016	November 4, 2016	\$ 5.000000	\$ 53
OP Units	October 4, 2016	October 25, 2016	November 4, 2016	\$ 0.096666	\$ 29
LTIP Units	October 4, 2016	October 25, 2016	November 4, 2016	\$ 0.096666	\$ 140
Total					<u>\$ 8,086</u>

### Whetstone Financing

On October 6, 2016, the Company, through an indirect subsidiary (the "Whetstone Borrower"), entered into an approximately \$26.5 million loan with KeyBank National Association, on behalf of Fannie Mae, which is secured by Whetstone. The loan matures November 1, 2023 and bears interest at a fixed rate of 3.81%, with interest only payments to November 2017, and thereafter fixed monthly payments based on 30-year amortization. The loan may be prepaid with the greater of 1% prepayment fee or yield maintenance to October 31, 2021, and thereafter until June 30, 2023 with a 1% prepayment fee, and thereafter at par. The loan is nonrecourse to the Company and the Whetstone Borrower with certain standard scope non-recourse carve-outs for certain deeds, acts or failures to act on the part of the Company and the Whetstone Borrower, or any of its officers, members, managers or employees.

### October 2016 Offering of 7.125% Series D Cumulative Preferred Stock

Subsequent to quarter end, on October 13, 2016, the Company completed an underwritten offering (the "October 2016 Preferred Stock Offering") of 2,700,000 shares of 7.125% Series D Cumulative Preferred Stock, par value \$0.01 per share, liquidation preference \$25.00 per share. The shares were registered with the SEC pursuant to the January 2016 Shelf Registration Statement. The public offering price of \$25.00 per share was announced on October 6, 2016. Net proceeds of the October 2016 Preferred Stock Offering were approximately \$65.0 million after deducting underwriting discounts and commissions and estimated offering costs. On November 3, 2016, the Company closed on the sale of 150,602 shares of Series D preferred stock for gross proceeds of approximately \$3.8 million pursuant to the underwriters' exercise of the overallotment option.

#### *Acquisition of Nevadan Apartments*

On October 13, 2016, the Company, through joint venture subsidiaries of its Operating Partnership, completed an investment of approximately \$22.8 million along with an affiliate of Carroll Organization, to acquire a 480-unit apartment community located in Atlanta, Georgia known as Nevadan Apartments. The Company's indirect ownership in the joint venture that owns Nevadan Apartments is 90%. Nevadan Apartments' purchase price of approximately \$68.25 million was funded, in part, with a \$48.4 million senior mortgage loan secured by the Nevadan Apartments property and improvements (the "Nevadan Loan"). The Nevadan Loan matures November 1, 2023 and bears interest on a floating basis on the amount drawn based on LIBOR plus 2.48%, capped at 5.50%. Regular monthly payments are interest-only during the initial term, with payments during the extension period. The Company provided certain standard scope non-recourse carveout guarantees in conjunction with the Nevadan Loan.

#### *Acquisition of Apex Prima Vista Apartments*

On October 31, 2016, the Company, through joint venture subsidiaries of its Operating Partnership, completed an investment of approximately \$11.3 million along with an affiliate of Carroll Organization, to acquire a 320-unit, garden-style apartment community located in Port St. Lucie, Florida known as Apex Prima Vista Apartments. The Company's indirect ownership in the joint venture that owns Apex Prima Vista Apartments is 85%. Apex Prima Vista Apartments' purchase price of approximately \$38.3 million was funded, in part, with senior mortgage loan secured by the Apex Prima Vista Apartments property and improvements (the "Apex Loan") of approximately \$27.0 million. The Apex Loan matures November 1, 2023 and bears interest at a fixed interest rate of 3.95%. Regular monthly payments are interest-only. The Company provided certain standard scope non-recourse carveout guarantees in conjunction with the Apex Loan.

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the accompanying consolidated financial statements of Bluerock Residential Growth REIT, Inc., and the notes thereto. As used herein, the terms “we,” “our” and “us” refer to Bluerock Residential Growth REIT, Inc., a Maryland corporation, and, as required by context, Bluerock Residential Holdings, L.P., a Delaware limited partnership, which we refer to as our “Operating Partnership,” and to their subsidiaries. We refer to Bluerock Real Estate, L.L.C., a Delaware limited liability company, as “Bluerock”, and we refer to our external manager, BRG Manager, LLC, a Delaware limited liability company, as our “Manager.” Both Bluerock and our Manager are affiliated with the Company.

### Forward-Looking Statements

Statements included in this Quarterly Report on Form 10-Q that are not historical facts (including any statements concerning investment objectives, other plans and objectives of management for future operations or economic performance, or assumptions or forecasts related thereto) are “forward-looking statements,” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are only predictions. We caution that forward-looking statements are not guarantees. Actual events or our investments and results of operations could differ materially from those expressed or implied in any forward-looking statements. Forward-looking statements are typically identified by the use of terms such as “may,” “should,” “expect,” “could,” “intend,” “plan,” “anticipate,” “estimate,” “believe,” “continue,” “predict,” “potential” or the negative of such terms and other comparable terminology.

The forward-looking statements included herein are based upon our current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements. Factors that could have a material adverse effect on our operations and future prospects include, but are not limited to:

- the factors included in this Quarterly Report on Form 10-Q, including those set forth under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations”;
- use of proceeds of the Company’s equity offerings;
- the competitive environment in which we operate;
- real estate risks, including fluctuations in real estate values and the general economic climate in local markets and competition for tenants in such markets;
- risks associated with geographic concentration of our investments;
- decreased rental rates or increasing vacancy rates;
- our ability to lease units in newly acquired or newly constructed apartment properties;
- potential defaults on or non-renewal of leases by tenants;
- creditworthiness of tenants;
- our ability to obtain financing for and complete acquisitions under contract at the contemplated terms, or at all;
- development and acquisition risks, including rising and unanticipated costs and failure of such acquisitions and developments to perform in accordance with projections;
- the timing of acquisitions and dispositions;
- the performance of our Partner Network;
- potential natural disasters such as hurricanes, tornadoes and floods;
- national, international, regional and local economic conditions;
- Board determination as to timing and payment of dividends, and our ability to pay future distributions at the dividend rates we have paid historically;

- the general level of interest rates;
- potential changes in the law or governmental regulations that affect us and interpretations of those laws and regulations, including changes in real estate and zoning or tax laws, and potential increases in real property tax rates;
- financing risks, including the risks that our cash flows from operations may be insufficient to meet required payments of principal and interest and we may be unable to refinance our existing debt upon maturity or obtain new financing on attractive terms or at all;
- lack of or insufficient amounts of insurance;
- our ability to maintain our qualification as a REIT;
- litigation, including costs associated with prosecuting or defending claims and any adverse outcomes; and
- possible environmental liabilities, including costs, fines or penalties that may be incurred due to necessary remediation of contamination of properties presently owned or previously owned by us or a subsidiary owned by us or acquired by us.

Any of the assumptions underlying forward-looking statements could be inaccurate. You are cautioned not to place undue reliance on any forward-looking statements included in this report. All forward-looking statements are made as of the date of this report and the risk that actual results will differ materially from the expectations expressed in this report will increase with the passage of time. Except as otherwise required by the federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements after the date of this report, whether as a result of new information, future events, changed circumstances or any other reason. The forward-looking statements should be read in light of the risk factors set forth in Item 1A of our Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on February 24, 2016, and subsequent filings by us with the SEC.

## Overview

We were incorporated as a Maryland corporation on July 25, 2008. Our objective is to maximize long-term stockholder value by acquiring well-located institutional-quality apartment properties in demographically attractive growth markets across the United States. We seek to maximize returns through investments where we believe we can drive substantial growth in our funds from operations, adjusted funds from operations and net asset value through one or more of our Core-Plus, Value-Add, Opportunistic and Invest-to-Own investment strategies.

We are externally managed by our Manager, an affiliate of Bluerock. We conduct our operations through Bluerock Residential Holdings, L.P., our operating partnership (the “Operating Partnership”), of which we are the sole general partner. The consolidated financial statements include our accounts and those of the Operating Partnership and its subsidiaries.

As of September 30, 2016, our portfolio consisted of interests in twenty-five properties (seventeen operating properties and eight development properties). The twenty-five properties contain an aggregate of 7,790 units, comprised of 5,573 operating units and 2,217 units under development. As of September 30, 2016, these properties, exclusive of our development properties, and EOS, a lease-up property, were approximately 94% occupied.

We have elected to be taxed as a REIT under Sections 856 through 860 of the Code and have qualified as a REIT commencing with our taxable year ended December 31, 2010. In order to continue to qualify as a REIT, we must distribute to our stockholders each calendar year at least 90% of our taxable income (excluding net capital gains). If we qualify as a REIT for federal income tax purposes, we generally will not be subject to federal income tax on income that we distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income tax on our taxable income at regular corporate rates and will not be permitted to qualify as a REIT for four years following the year in which our qualification is denied. Such an event could materially and adversely affect our net income and results of operations. We intend to continue to organize and operate in such a manner as to remain qualified as a REIT.

## Significant Developments

During the nine months ended September 30, 2016, we made one convertible preferred investment, one common interest investment, acquired four stabilized properties and disposed of one property as discussed below.

### *Acquisition of Summer Wind and Citation Club Apartments*

On January 5, 2016, we, through subsidiaries of our Operating Partnership, completed investments of approximately \$15.9 million and approximately \$13.6 million in a multi-tiered joint venture along with an affiliate of Carroll Organization, to acquire (i) a 368-unit apartment community located in Naples, Florida to be known as ARIUM Gulfshore, formerly known as the Summer Wind Apartments (“ARIUM Gulfshore”) and (ii) a 320-unit apartment community located in Sarasota, Florida to be known as ARIUM at Palmer Ranch, formerly known as Citation Club Apartments (“ARIUM at Palmer Ranch”), respectively. The Company’s indirect ownership interest in the joint venture that owns ARIUM Gulfshore and ARIUM at Palmer Ranch is 95.0%. ARIUM Gulfshore’s purchase price of approximately \$47.0 million was funded, in part, with a \$32.6 million senior mortgage loan secured by ARIUM Gulfshore property and improvements. ARIUM at Palmer Ranch’s purchase price of approximately \$39.3 million was funded, in part, with a \$26.9 million senior mortgage loan secured by the ARIUM at Palmer Ranch property and improvements.

#### *Acquisition of West Morehead interest*

On January 6, 2016, we, through a wholly-owned subsidiary of the Operating Partnership, BRG Morehead NC, LLC, made a convertible preferred equity investment in a multi-tiered joint venture along with Fund II, an affiliate of the Manager, and an affiliate of ArchCo Residential, to develop an approximately 283-unit Class A apartment community located in Charlotte, North Carolina to be known as West Morehead. We have made a capital commitment of approximately \$24.7 million to acquire 100% of the preferred equity interests in BR Morehead JV Member, LLC, of which \$6.5 million has been funded at September 30, 2016.

#### *Acquisition of The Preserve at Henderson Beach*

On March 15, 2016, we, through subsidiaries of our Operating Partnership, completed an investment of approximately \$17.2 million to acquire in fee simple a 340-unit apartment community located in Destin, Florida, known as Alexan Henderson Beach to be rebranded as The Preserve at Henderson Beach (“Henderson Beach”). The purchase price for Henderson Beach was approximately \$53.7 million and included the assumption of the current first priority loan secured by Henderson Beach, which had a principal balance as of the closing date of approximately \$37.5 million.

#### *Acquisition of ARIUM Westside*

On July 14, 2016, we, through subsidiaries of our Operating Partnership, acquired a leasehold interest in a 336-unit, Class A, mixed-use apartment community located in Atlanta, Georgia, known as Tenside Apartment Homes to be rebranded as ARIUM Westside (“Westside”). Our indirect ownership interest in the joint venture that owns Westside is 90%. The purchase price for Westside of approximately \$74.5 million was funded, in part, with a \$52.2 million senior mortgage loan secured by the Westside leasehold interest (the “Westside Loan”). The Westside Loan matures August 1, 2023 and bears interest at a rate of 3.68%. We provided certain standard scope non-recourse carveout guarantees in conjunction with the Westside Loan.

#### *Sale of Springhouse at Newport News*

On August 10, 2016, we closed on the sale of the Springhouse at Newport News property, located in Newport News, Virginia, and the buyout of our 25% joint venture partner in conjunction with the sale. The property was sold for approximately \$38.0 million, subject to certain prorations and adjustments typical in such real estate transactions. After deduction for the defeasance of the existing mortgage indebtedness encumbering the Springhouse at Newport News property in the amount of \$25.4 million and payment of closing costs and fees of \$0.5 million the sale of the property generated net proceeds for us of approximately \$9.0 million and a gain on sale of approximately \$4.9 million.

#### *Acquisition of APOK Townhomes Interests*

On September 1, 2016, through a wholly-owned subsidiary of our Operating Partnership, we made an investment in a multi-tiered joint venture, along with Fund II, an affiliate of the Manager, and NCC Development Group, to develop a 90-unit Class A apartment community located in Boca Raton, Florida to be known as APOK Townhomes. We have made a capital commitment of approximately \$11.3 million to acquire common interests in BR Boca JV Member, LLC, of which \$1.1 million has been funded as of September 30, 2016.

#### *Recent Stock Offerings*

During the nine months ended September 30, 2016 we continued to raise capital to finance our investment activities.

On February 24, 2016, we filed a prospectus supplement to the December 2014 Shelf Registration Statement offering a maximum of 150,000 Units (the “Series B Units”) consisting of 150,000 shares of the reclassified Series B redeemable preferred stock (the “Series B Preferred Stock”) and warrants (the “Warrants”) to purchase 3,000,000 shares of Class A common stock (liquidation preference \$1,000 per share of Series B Preferred Stock) (the “Series B Preferred Offering”). As of September 30, 2016, the Company has sold 8,827 shares of Series B Preferred Stock and 8,827 Warrants to purchase 176,540 shares of Class A common stock for net proceeds of approximately \$7.9 million after commissions and fees.

On March 29, 2016, we, our Operating Partnership and our Manager entered into an At Market Issuance Sales Agreement (“Sales Agreement”) with FBR Capital Markets & Co. (“FBR”), and MLV & Co. LLC (“MLV”). Pursuant to the Sales Agreement, FBR and MLV will act as distribution agents with respect to the offering and sale of up to \$100,000,000 in shares of Series A Preferred Stock in “at the market offerings” as defined in Rule 415 under the Securities Act, including without limitation sales made directly on or through the NYSE MKT, or on any other existing trading market for Series A Preferred Stock or through a market maker (the “Series A ATM Offering”). We sold 146,460 shares of Series A Preferred Stock in the Series A ATM Offering through April 8, 2016. On April 8, 2016, we delivered notice to each of FBR and MLV, pursuant to the terms of the Sales Agreement, to suspend all sales under the Series A ATM Offering.

On April 25, 2016, we completed an underwritten offering (the “April 2016 Preferred Stock Offering”) of 2,300,000 shares of Series A Preferred Stock, par value \$0.01 per share, liquidation preference \$25.00 per share, inclusive of shares sold pursuant to the full exercise of the overallotment option by the underwriters. The shares were registered with the SEC pursuant to the January 2016 Shelf Registration Statement. The public offering price of \$25.00 per share was announced on April 20, 2016. Net proceeds of the April 2016 Preferred Stock Offering were approximately \$55.3 million after deducting underwriting discounts and commissions and estimated offering costs.

On May 26, 2016, we completed an offering (the “May 2016 Preferred Stock Offering”) of 400,000 shares of Series A Preferred Stock. The shares were registered with the SEC pursuant to the January 2016 Shelf Registration Statement. The offering price of \$25.00 per share was announced on May 26, 2016. Net proceeds of the May 2016 Preferred Stock Offering were approximately \$9.5 million after deducting underwriting discounts and commissions and estimated offering costs.

On July 19, 2016, we completed an underwritten offering (the “July 2016 Preferred Stock Offering”) of 2,300,000 shares of 7.625% Series C Cumulative Redeemable Preferred Stock, par value \$0.01 per share, liquidation preference \$25.00 per share, inclusive of shares sold pursuant to the full exercise of the overallotment option by the underwriters. The shares were registered with the SEC pursuant to the January 2016 Shelf Registration Statement. The public offering price of \$25.00 per share was announced on July 12, 2016. Net proceeds of the July 2016 Preferred Stock Offering were approximately \$55.3 million after deducting underwriting discounts and commissions and estimated offering costs.

On August 8, 2016, we, our Operating Partnership and our Manager entered into an At Market Issuance Sales Agreement (the “Class A Sales Agreement”) with FBR. Pursuant to the Class A Sales Agreement, FBR will act as distribution agent with respect to the offering and sale of up to \$100,000,000 in shares of Class A common stock in “at the market offerings” as defined in Rule 415 under the Securities Act, including without limitation sales made directly on or through the NYSE MKT, or on any other existing trading market for Class A common stock or through a market maker (the “Class A ATM Offering”). We have not commenced any sales through the Class A ATM Offering.

On September 14, 2016, we, our Operating Partnership and our Manager entered into an At Market Issuance Sales Agreement (the “Series C Sales Agreement”) with FBR. Pursuant to the Series C Sales Agreement, FBR will act as distribution agent with respect to the offering and sale of up to \$36,000,000 in shares of Series C Preferred Stock in “at the market offerings” as defined in Rule 415 under the Securities Act, including without limitation sales made directly on or through the NYSE MKT, or on any other existing trading market for Series C Preferred Stock or through a market maker (the “Series C ATM Offering”). Since September 14, 2016, we sold 23,750 shares of Series C Preferred Stock in the Series C ATM Offering through September 27, 2016. On September 27, 2016, we delivered notice to FBR, pursuant to the terms of the Series C Sales Agreement, to suspend all sales under the ATM Offering. As of September 30, 2016, we had sold 23,750 shares of Series C Preferred Stock in the Series C ATM Offering for net proceeds of approximately \$0.6 million after commissions.

Subsequent to quarter end, on October 13, 2016, we completed an underwritten offering (the “October 2016 Preferred Stock Offering”) of 2,700,000 shares of 7.125% Series D Cumulative Preferred Stock, par value \$0.01 per share, liquidation preference \$25.00 per share. The shares were registered with the SEC pursuant to the January 2016 Shelf Registration Statement. The public offering price of \$25.00 per share was announced on October 6, 2016. Net proceeds of the October 2016 Preferred Stock Offering were approximately \$65.0 million after deducting underwriting discounts and commissions and estimated offering costs. On November 3, 2016, we closed on the sale of 150,602 shares of Series D Preferred Stock for gross proceeds of approximately \$3.8 million pursuant to the underwriter’s exercise of the overallotment option.

Our total stockholders’ equity decreased \$23.5 million from \$207.2 million as of December 31, 2015 to \$183.7 million as of September 30, 2016. The decrease in our total stockholders’ equity is primarily attributable to our net loss of \$2.8 million and dividends declared of \$26.4 million, offset by equity compensation of \$6.1 million during the nine months ended September 30, 2016.

## Results of Operations

The following is a summary of our operating real estate investments as of September 30, 2016:

Multifamily Community Name/Location	Number of Units	Date Built/Renovated <sup>(1)</sup>	Ownership Interest	Average Rent <sup>(2)</sup>	% Occupied <sup>(3)</sup>
ARIUM at Palmer Ranch, Sarasota, FL	320	2016	95.0%	\$ 1,144	93%
ARIUM Grandewood, Orlando, FL	306	2005	95.0%	1,220	96%
ARIUM Gulfshore, Naples, FL	368	2016	95.0%	1,121	94%
ARIUM Palms, Orlando, FL	252	2008	95.0%	1,211	95%
ARIUM Westside, Atlanta, GA	336	2008	90.0%	1,453	96%
Ashton Reserve, Charlotte, NC	473	2015	100.0%	1,063	94%
Enders Place at Baldwin Park, Orlando, FL	220	2003	89.5%	1,651	95%
EOS, Orlando, FL <sup>(4)</sup>	296	2015	—	1,211	92%
Fox Hill, Austin, TX	288	2010	94.6%	1,196	95%
Lansbrook Village, Palm Harbor, FL <sup>(5)</sup>	618	2004	90.0%	1,241	91%
MDA Apartment, Chicago, IL	190	2006	35.3%	2,283	98%
Park & Kingston, Charlotte, NC	168	2015	96.0%	1,196	95%
Sorrel, Frisco, TX	352	2015	95.0%	1,286	90%
Sovereign, Fort Worth, TX	322	2015	95.0%	1,296	97%
The Preserve at Henderson Beach, Destin, FL	340	2009	100.0%	1,293	91%
Village Green of Ann Arbor, Ann Arbor, MI	520	2013	48.6%	1,205	98%
Whetstone, Durham, NC	204	2015	—	1,252	85%
Total/Average	5,573			\$ 1,278	94%

<sup>(1)</sup> Represents date of last significant renovation or year built if there were no renovations.

<sup>(2)</sup> Represents the average effective monthly rent per occupied unit for all occupied units for the three months ended September 30, 2016. The average rent for EOS, which is still in lease-up, is pro forma based on underwriting. Total concessions for the three months ended September 30, 2016 amounted to approximately \$231,000.

<sup>(3)</sup> Percent occupied is calculated as (i) the number of units occupied as of September 30, 2016, divided by (ii) total number of units, expressed as a percentage, excluding EOS, which was in lease-up during the three months ended September 30, 2016.

<sup>(4)</sup> EOS is currently a preferred equity investments providing a stated investment return and is in lease-up and actual average rents were \$1,244, net of upfront lease-up concessions.

<sup>(5)</sup> Includes an additional 45 units acquired since the original acquisition in May 2014, of which 16 units were acquired in the nine months ended September 30, 2016.

The following is a summary of our development properties as of September 30, 2016:

Multifamily Community Name, Location	Number of Units	Total Estimated Construction Cost (in millions)	Cost to Date (in millions)	Estimated Construction Cost Per Unit	Initial Occupancy	Final Units to be Delivered	Pro Forma Average Rent <sup>(1)</sup>
Alexan CityCentre, Houston, TX	340	\$ 83.0	\$ 48.8	\$ 244,118	2Q17	4Q17	\$ 2,144
Alexan Southside Place, Houston, TX	270	\$ 49.0	\$ 9.9	\$ 181,481	4Q17	2Q18	\$ 2,019
APOK Townhomes, Boca Raton, FL	90	\$ 29.7	\$ 5.1	\$ 330,000	4Q17	2Q18	\$ 2,316
Cheshire Bridge, Atlanta, GA	285	\$ 50.9	\$ 22.3	\$ 178,596	2Q17	4Q17	\$ 1,559
Domain 1, Garland, TX	301	\$ 52.1	\$ 5.7	\$ 173,090	2Q18	3Q18	\$ 1,425
Flagler Village, Fort Lauderdale, FL	400	\$ 146.9	\$ 19.6	\$ 367,250	2Q19	2Q20	\$ 2,483
Lake Boone Trail, Raleigh, NC	245	\$ 40.2	\$ 12.3	\$ 164,082	1Q18	3Q18	\$ 1,402
West Morehead, Charlotte, NC	286	\$ 57.9	\$ 7.7	\$ 202,448	2Q18	4Q18	\$ 1,601
	2,217						\$ 1,872

<sup>(1)</sup> Represents the average pro forma effective monthly rent per occupied unit for all expected occupied units upon stabilization.

### ***Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015***

#### ***Revenue***

*Net rental income* increased \$7.6 million, or 69%, to \$18.6 million for the three months ended September 30, 2016 as compared to \$11.0 million for the same prior year period. This increase was primarily due to the acquisition of various interests in six properties subsequent to September 30, 2015, Sorrel, Sovereign, ARIUM Gulfshore, ARIUM at Palmer Ranch, The Preserve at Henderson Beach and ARIUM Westside.

*Other property revenue* increased \$0.6 million, or 120%, to \$1.1 million for the three months ended September 30, 2016 as compared to \$0.5 million for the same prior year period. This increase was primarily due to the acquisition of interests in the properties noted above.

#### ***Expenses***

*Property operating expenses* increased \$2.8 million, or 60%, to \$7.5 million for the three months ended September 30, 2016 as compared to \$4.7 million for the same prior year period. This increase was primarily due to the acquisition of interests in the properties noted above. Property NOI margins improved to 61.6% of total revenues for the three months ended September 30, 2016 from 59.4% in the prior year quarter. Property NOI margins are computed as total revenues less property operating expenses, divided by total revenues.

*General and administrative expenses* amounted to \$1.2 million for the three months ended September 30, 2016 as compared to \$1.2 million for the same prior year period. Excluding non-cash equity compensation expense of \$0.6 million and \$0.6 million for the three months ended September 30, 2016 and 2015, respectively, general and administrative expenses were \$0.6 million, or 3.2% of revenues for the three months ended September 30, 2016 as compared to \$0.6 million, or 5.2% of revenues, for the same prior year period.

*Management fees* increased to \$1.9 million for the three months ended September 30, 2016 as compared to \$0.9 million for the same prior year period. Base management fees of \$1.7 million and \$0.9 million were expensed in the three months ended September 30, 2016 and 2015, respectively. Incentive management fee of \$0.2 million was expensed in the three months ended September 30, 2016. Base management fees increased primarily due to an increase in equity as a result of the Follow-On Offerings. Management fees of \$1.9 million for the quarter ended September 30, 2016 will be paid in LTIP Units in lieu of cash.

*Acquisition costs* were \$0.7 million for the three months ended September 30, 2016 as compared to \$0.7 million for the same prior year period. The costs were primarily due to the acquisition of ARIUM Westside (which was acquired in July 2016) and additional units at Lansbrook Village during the three months ended September 30, 2016, while the costs during the prior year quarter were primarily due to the acquisition of Ashton Reserve and ARIUM Palms.

*Depreciation and amortization expenses* was \$7.2 million for the three months ended September 30, 2016 as compared to \$4.0 million for the same prior year period. The increase is related to additional depreciation and amortization expense on the acquisition of the properties mentioned above.

#### ***Other Income and Expense***

*Other income and expenses* amounted to income of \$0.4 million for the three months ended September 30, 2016 compared to expense of \$0.6 million for the same prior year period. This was primarily due to an increase of \$0.7 million in preferred returns and equity in income of unconsolidated joint venture interests due to additional investments, gain on the sale of Springhouse of \$4.9 million, offset by an increase in interest expense, net, of \$2.3 million, as the result of the increase in mortgages payable resulting from the acquisition of interests in the properties mentioned above and loss on extinguishment of debt of \$2.4 million related to the sale of Springhouse and the refinancing of the Lansbrook Village property.

### ***Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015***

*Net rental income* increased \$22.4 million, or 76%, to \$52.0 million for the nine months ended September 30, 2016 as compared to \$29.6 million for the same prior year period. This increase was primarily due to the acquisition of various interests in six properties subsequent to September 30, 2015, Sorrel, Sovereign, ARIUM Gulfshore, ARIUM at Palmer Ranch, The Preserve at Henderson Beach and ARIUM Westside, and the partial impact of properties purchased in the early part of 2015, Park & Kingston, Fox Hill, Ashton Reserve and ARIUM Palms.

*Other property revenue* increased \$1.1 million, or 73%, to \$2.6 million for the nine months ended September 30, 2016 as compared to \$1.5 million for the same prior year period. This increase was primarily due to the acquisition of interests in the properties noted above.

## **Expenses**

*Property operating expenses* increased \$8.6 million, or 67%, to \$21.5 million for the nine months ended September 30, 2016 as compared to \$12.9 million for the same prior year period. This increase was primarily due to the acquisition of interests in the properties noted above. Property NOI margins improved to 60.6% of total revenues for the nine months ended September 30, 2016 from 58.4% in the prior year. Property NOI margins are computed as total revenues less property operating expenses, divided by total revenues.

*General and administrative expenses* amounted to \$4.2 million for the nine months ended September 30, 2016 as compared to \$2.9 million for the same prior year period. The increase in general and administrative costs relates to the increasing size of the company and public company costs. Excluding non-cash equity compensation expense of \$2.2 million and \$1.3 million for the nine months ended September 30, 2016 and 2015, respectively, general and administrative expenses were \$2.0 million, or 3.6% of revenues for the nine months ended September 30, 2016 as compared to \$1.6 million, or 5.1% of revenues, for the same prior year period.

*Management fees* increased to \$4.5 million for the nine months ended September 30, 2016 as compared to \$3.1 million for the same prior year period. Base management fees of \$4.3 million and \$2.1 million were expensed in the nine months ended September 30, 2016 and 2015, respectively. Incentive management fees of \$0.9 million were expensed in the three months ended March 31, 2015 and were paid in 67,837 LTIP Units. Incentive management fees of \$0.2 million were expensed in the nine months ended September 30, 2016. Base management fees increased primarily due to an increase in equity as a result of the Follow-On Offerings. Management fees of \$1.9 million for the three months ended September 30, 2016 will be paid in LTIP Units in lieu of cash while management fees of \$2.6 million for the six months ended June 30, 2016 were paid through the issuance of 213,081 LTIP Units.

*Acquisition costs* increased to \$2.1 million for the nine months ended September 30, 2016 as compared to \$1.4 million for the same prior year period. The costs were primarily due to the acquisition of ARIUM Gulfshore, ARIUM at Palmer Ranch, The Preserve at Henderson Beach and ARIUM Westside during the nine months ended September 30, 2016, while the costs during the prior year quarter were primarily due to the acquisition of Park & Kingston, Fox Hill and ARIUM Palms properties and the acquisition of preferred equity interests in Alexan Southside, Whetstone and Cheshire Bridge.

*Depreciation and amortization expenses* was \$22.5 million for the nine months ended September 30, 2016 as compared to \$10.5 million for the same prior year period. The increase is related to additional depreciation and amortization expense on the acquisition of the properties mentioned above.

## **Other Income and Expense**

*Other income and expenses* amounted to an expense of \$2.9 million for the nine months ended September 30, 2016 as compared to other income of \$7.8 million for the same prior year period. This was primarily due to an increase of \$4.2 million in preferred returns and equity in income of unconsolidated joint venture interests due to an additional four investments, A \$4.9 million gain on the sale of Springhouse, offset by a decrease in equity in gain on sale of our unconsolidated 23Hundred@Berry Hill joint venture of \$11.3 million, and an increase in interest expense, net, of \$6.1 million, as the result of the increase in mortgages payable resulting from the acquisition of interests in the properties mentioned above and loss on extinguishment of debt of \$2.4 million related to the sale of Springhouse and the refinancing of the Lansbrook Village property.

## **Property Operations**

We define "same store" properties as those that we owned and operated for the entirety of both periods being compared, except for properties that are in the construction or lease-up phases, or properties that are undergoing development or significant redevelopment. We move properties previously excluded from our same store portfolio for these reasons into the same store designation once they have stabilized or the development or redevelopment is complete and such status has been reflected fully in all quarters during the applicable periods of comparison. For newly constructed or lease-up properties or properties undergoing significant redevelopment, we consider a property stabilized upon attainment of 90% physical occupancy, subject to loss-to-lease, bad debt and rent concessions. For comparison of our three months ended September 30, 2016 and 2015, the same store properties included properties owned at July 1, 2015. Our same store properties for the three months ended September 30, 2016 and 2015 were Enders Place at Baldwin Park, Village Green of Ann Arbor, MDA Apartments, Lansbrook Village, ARIUM Grandewood, Fox Hill and Park & Kingston. Our non-same store properties for the same period were Springhouse at Newport News, North Park Towers, Ashton Reserve, ARIUM Palms, Sovereign, Sorrel, ARIUM Gulfshore, ARIUM at Palmer Ranch, The Preserve at Henderson Beach and ARIUM Westside. For comparison of our nine months ended September 30, 2016 and 2015, the same store properties included properties owned at January 1, 2015. Our same store properties for the nine months ended September 30, 2016 and 2015 were Enders Place at Baldwin Park, Village Green of Ann Arbor, MDA Apartments, Lansbrook Village and ARIUM Grandewood. Our non-same store properties for the same period were 23Hundred@Berry Hill, Springhouse at Newport News, North Park Towers, Fox Hill, Park & Kingston, Ashton Reserve, ARIUM Palms, Sovereign, Sorrel, ARIUM Gulfshore, ARIUM at Palmer Ranch, The Preserve at Henderson Beach and ARIUM Westside.

23Hundred@Berry Hill was accounted for under the equity method during the nine months September 30, 2015, but is reflected in our table of net operating income as if it was consolidated. For the nine months ended September 30, 2015, the components of non-same store property revenues, property expenses and net operating income represented by this property were \$0.2 million, \$0.1 million and \$0.1 million, respectively. 23Hundred@Berry Hill financial information can be found at Note 3, "Sale of Unconsolidated Real Estate Joint Ventures and Held for Sale Property." Berry Hill was sold on January 14, 2015.

The following table presents the same store and non-same store results from operations for the three and nine months ended September 30, 2016 and 2015:

	Three Months Ended September 30,		Change	
	2016	2015	\$	%
<b>Property Revenues</b>				
Same Store	\$ 9,360	\$ 8,708	\$ 652	7.5%
Non-Same Store	10,264	2,852	7,412	259.9%
<b>Total property revenues</b>	<b>19,624</b>	<b>11,560</b>	<b>8,064</b>	<b>69.8%</b>
<b>Property Expenses</b>				
Same Store	3,612	3,391	221	6.5%
Non-Same Store	3,926	1,336	2,590	193.9%
<b>Total property expenses</b>	<b>7,538</b>	<b>4,727</b>	<b>2,811</b>	<b>59.5%</b>
Same Store NOI	5,748	5,317	431	8.1%
Non-Same Store NOI	6,338	1,516	4,822	318.1%
<b>Total NOI<sup>(1)</sup></b>	<b>\$ 12,086</b>	<b>\$ 6,833</b>	<b>\$ 5,253</b>	<b>76.9%</b>
	Nine Months Ended September 30,		Change	
	2016	2015	\$	%
<b>Property Revenues</b>				
Same Store	\$ 22,390	\$ 21,207	\$ 1,183	5.6%
Non-Same Store	32,267	10,008	22,259	222.4%
<b>Total property revenues</b>	<b>54,657</b>	<b>31,215</b>	<b>23,442</b>	<b>75.1%</b>
<b>Property Expenses</b>				
Same Store	8,480	8,255	225	2.7%
Non-Same Store	13,039	4,678	8,361	178.7%
<b>Total property expenses</b>	<b>21,519</b>	<b>12,933</b>	<b>8,586</b>	<b>66.4%</b>
Same Store NOI	13,910	12,952	958	7.4%
Non-Same Store NOI	19,228	5,330	13,898	260.8%
<b>Total NOI<sup>(1)</sup></b>	<b>\$ 33,138</b>	<b>\$ 18,282</b>	<b>\$ 14,856</b>	<b>81.3%</b>

<sup>(1)</sup> See "Net Operating Income" below for a reconciliation of Same Store NOI, Non-Same Store NOI and Total NOI to net income (loss) and a discussion of how management uses this non-GAAP financial measure.

### *Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015*

Same store NOI for the three months ended September 30, 2016 increased by 8.1% to \$5.7 million from \$5.3 million for the 2015 period. There was a 7.5% increase in same store property revenues as compared to the 2015 period, primarily attributable to a 4.7% increase in average rental rates, a 39 basis point increase in average occupancy, 16 additional units at our Lansbrook Village property and 15 additional units at Park & Kingston. Same store expenses increased 6.5% as the three months ended September 30, 2015 included favorable real estate tax adjustments at two properties.

Property revenues and property expenses for our non-same store properties increased significantly due to the properties acquired during 2016 and 2015. The results of operations for these properties have been included in our consolidated statements of operations from the date of acquisition.

### *Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015*

Same store NOI for the nine months ended September 30, 2016 increased by 7.4% to \$13.9 million from \$13.0 million for the 2015 period. There was a 5.6% increase in same store property revenues as compared to the 2015 period, primarily attributable to a 4.7% increase in average rental rates, a 55 basis point increase in average occupancy, 16 additional units at our Lansbrook Village property and 15 additional units at Park & Kingston. Same store expenses increased 2.7%.

Property revenues and property expenses for our non-same store properties increased significantly due to the properties acquired during 2016 and 2015. The results of operations for these properties have been included in our consolidated statements of operations from the date of acquisition.

### *Net Operating Income*

We believe that net operating income (“NOI”), is a useful measure of our operating performance. We define NOI as total property revenues less total property operating expenses, excluding depreciation and amortization and interest. Other REITs may use different methodologies for calculating NOI, and accordingly, our NOI may not be comparable to other REITs. NOI also is a computation made by analysts and investors to measure a real estate company's operating performance.

We believe that this measure provides an operating perspective not immediately apparent from GAAP operating income or net income. We use NOI to evaluate our performance on a same store and non-same store basis because NOI allows us to evaluate the operating performance of our properties because it measures the core operations of property performance by excluding corporate level expenses and other items not related to property operating performance and captures trends in rental housing and property operating expenses.

However, NOI should only be used as an alternative measure of our financial performance. The following table reflects same store and non-same store contributions to consolidated NOI, together with a reconciliation of NOI to net (loss) income attributable to common stockholders, as computed in accordance with GAAP for the periods presented (amounts in thousands):

	Three Months Ended <sup>(1)</sup>		Nine Months Ended <sup>(2)</sup>	
	September 30,		September 30,	
	2016	2015	2016	2015
<b>Net income (loss) attributable to common stockholders</b>	\$ (2,551)	\$ (574)	\$ (11,727)	\$ 2,157
Add pro-rata share:				
Depreciation and amortization	6,197	3,082	19,436	7,641
Amortization of non-cash interest expense	472	148	620	243
Management fees	1,839	890	4,430	3,011
Acquisition and disposition costs	619	682	1,993	1,367
Loss on early extinguishment of debt	2,269	-	2,269	-
Corporate operating expenses	1,169	1,245	4,101	2,886
Preferred dividends	3,883	-	8,268	-
Preferred stock accretion	271	-	560	-
Less pro-rata share:				
Other income	26	23	26	91
Preferred returns and equity in income of unconsolidated real estate joint ventures	3,030	2,327	8,491	4,331
(Loss) gain on sale of joint venture interest, net of fees	-	(2)	-	5,320
Gain on sale of real estate assets	4,876	-	4,876	-
<b>Pro-rata share of properties' income (loss)</b>	<b>6,236</b>	<b>3,125</b>	<b>16,557</b>	<b>7,563</b>
Add:				
Noncontrolling interest pro-rata share of property income	1,120	752	3,200	2,673
Other (income) loss related to JV/MM entities	-	14	-	66
<b>Total property income (loss)</b>	<b>7,356</b>	<b>3,891</b>	<b>19,757</b>	<b>10,302</b>
Add:				
Interest expense	4,730	2,942	13,381	7,980
<b>Net operating income</b>	<b>12,086</b>	<b>6,833</b>	<b>33,138</b>	<b>18,282</b>
Less:				
Non-same store net operating income	6,338	1,516	19,228	5,330
<b>Same store net operating income</b>	<b>\$ 5,748</b>	<b>\$ 5,317</b>	<b>\$ 13,910</b>	<b>\$ 12,952</b>

## Liquidity and Capital Resources

Liquidity is a measure of our ability to meet potential cash requirements. Our primary short-term liquidity requirements relate to (a) our operating expenses and other general business needs, (b) distributions to our stockholders, (c) committed investments and capital requirements to fund development and renovations at existing properties, and (d) ongoing commitments to repay maturing short-term debt.

The Company believes the properties underlying its real estate investments are performing well. The Company had a portfolio-wide debt service coverage ratio of 2.17x and occupancy of 94%, exclusive of its development properties, at September 30, 2016. In the recent past, we have met our short-term liquidity requirements through revenues on our multifamily investments and the proceeds of our equity offerings.

The net proceeds of our IPO and our follow-on common and preferred stock offerings (collectively the "Follow-On Offerings"), provided us with the ability to grow our asset base quickly and better service our general and administrative expenses. At the same time, the Management Agreement with our Manager provides an overall lower relative fee structure than our previous Advisory Agreement with our Former Advisor, which we believe has reduced our corporate general and administrative expenses as a percentage of our revenues.

In general, we believe our cash flows from operations, available cash balances, the use of equity offerings, including the ATM Offerings, the April 2016 Preferred Stock Offering, the May 2016 Preferred Stock Offering, the Series B Preferred Offering, the July 2016 Preferred Stock Offering, and the October 2016 Preferred Stock Offering and other future financing arrangements will be sufficient to fund our liquidity requirements with respect to our existing portfolio for the next 12 months.

Our primary long-term liquidity requirements relate to (a) costs for additional apartment community investments; (b) repayment of long-term debt; (c) capital expenditures; and (d) cash redemption requirements related to our Series A Preferred Stock and Series B Preferred Stock.

We intend to finance our long-term liquidity requirements with net proceeds of additional issuances of common and preferred stock, including our Series B Preferred Stock, as well as future borrowings. Our success in meeting these requirements will therefore depend upon our ability to access capital. Our ability to access capital is dependent upon, among other things, general market conditions for REITs and the capital markets generally, market perceptions about us and our asset class, and current trading prices of our securities.

We may also selectively sell assets at appropriate times, which would be expected to generate cash sources for both our short-term and long-term liquidity needs.

We may also meet our long-term liquidity needs through borrowings from a number of sources, either at the corporate or project level. We will continue to monitor the debt markets, including Fannie Mae and Freddie Mac, and as market conditions permit, access borrowings that are advantageous to us.

We intend to continue to use prudent amounts of leverage in making our investments, which we define as having total indebtedness of approximately 65% of the fair market value of the properties in which we have invested as determined by our Manager. For purposes of calculating our leverage, we assume full consolidation of all of our real estate investments, whether or not they would be consolidated under GAAP, include assets we have classified as held for sale, and include any joint venture level indebtedness in our total indebtedness. However, we are not subject to any limitations on the amount of leverage we may use, and accordingly, the amount of leverage we use may be significantly less or greater than we currently anticipate. We expect our leverage to decline commensurately as we execute our business plan to grow our net asset value.

If we are unable to obtain financing on favorable terms or at all, we would likely need to curtail our investment activities, including acquisitions and improvements, to and developments of, real properties, which could limit our growth prospects. This, in turn, could reduce cash available for distribution to our stockholders and may hinder our ability to raise capital by issuing more securities or borrowing more money. We also may be forced to dispose of assets at inopportune times in order to maintain our REIT qualification and Investment Company Act exemption.

In prior quarters, including the six months ended June 30, 2015, our Manager waived current year reimbursable operating expenses to support our continued operations. Operating expense reimbursements of \$0.1 million were expensed during the three months ended September 30, 2015, were reimbursed in cash and are recorded as part of general and administrative expenses. Operating expense reimbursements of \$0.1 million were expensed during the three months ended December 31, 2015, which were paid through the issuance of 14,138 LTIP Units on February 29, 2016. Operating expense reimbursements of \$0.5 million were expensed during the nine months ended September 30, 2016, were reimbursed in cash and are recorded as part of general and administrative expenses.

For the remainder of 2016, the Company expects to maintain a distribution paid on a monthly basis to all of our Class A common stockholders at a quarterly rate of \$0.29 per share. To the extent the Company continues to pay distributions at this rate, the Company expects to substantially use cash flows from operations to fund distribution payments. The Board will review the distribution rate quarterly, and there can be no assurance that the current distribution level will be maintained. While our policy is generally to pay distributions from cash flow from operations, our distributions through September 30, 2016 have been paid from cash flow from operations, proceeds from our continuous registered public offering, proceeds from the IPO and Follow-On Offerings and sales of assets, and may in the future be paid from additional sources, such as from borrowings.

#### **Off-Balance Sheet Arrangements**

As of September 30, 2016, we did not have any off-balance sheet arrangements that have had or are reasonably likely to have a material effect on our financial condition, revenues or expenses, results of operations, liquidity, capital resources or capital expenditures. As of September 30, 2016, we own interests in ten joint ventures that are accounted for under the equity method as we exercise significant influence over, but do not control, the investee.

#### **Cash Flows from Operating Activities**

As of September 30, 2016, we owned indirect equity interests in twenty-five real estate properties (seventeen operating properties and eight development properties), fifteen of which are consolidated for reporting purposes. During the nine months ended September 30, 2016, net cash provided by operating activities was \$24.3 million. After the net loss of \$3.0 million was reduced for \$15.7 million of non-cash items, net cash provided by operating activities consisted of the following:

- Distributions from unconsolidated joint ventures of \$8.3 million;
- Increase in accounts payable and accrued liabilities of \$7.3 million;

Increase in payables due to affiliates of \$0.7 million;

- Partially offset by a decrease in our accounts receivable and other assets of \$3.6 million;
- and \$1.1 million of early extinguishment of debt.

#### Cash Flows from Investing Activities

During the nine months ended September 30, 2016, net cash used in investing activities was \$179.1 million, primarily due to the following:

- \$178.4 million used in acquiring consolidated real estate investments;
- \$17.1 million used in acquiring investments in unconsolidated joint ventures;
- \$3.2 million purchase of interests from noncontrolling interests;
- \$13.1 million increase in restricted cash;
- \$4.0 million used on capital expenditures; and
- Partially offset by proceeds of sale of real estate assets of \$36.7 million.

#### Cash Flows from Financing Activities

During the nine months ended September 30, 2016, net cash provided by financing activities was \$216.4 million, primarily due to the following:

- net borrowings of \$177.7 million on mortgages payable;
- net proceeds of \$68.5 million from issuance of Series A preferred stock;
- net borrowings of \$63.5 million on mortgages payable;
- net proceeds of \$7.6 million from issuance of Series B preferred units;
- net proceeds of \$56.0 million from issuance of Series C preferred stock;
- \$4.1 million of contributions from noncontrolling interests;
- partially offset by \$2.8 million in distributions paid to our noncontrolling interests;
- \$18.2 million paid in cash distributions paid to common stockholders;
- \$5.6 million paid in cash distributions paid to preferred stockholders;
- \$6.0 million paid in cash distributions paid to common stockholders;
- \$2.9 million increase in deferred financing costs; and
- \$6.0 million paid in cash distributions paid to common stockholders;
- \$68.1 million of repayments of our mortgages payable.

#### Capital Expenditures

The following table summarizes our total capital expenditures for the nine months ended September 30, 2016 and 2015 (amounts in thousands):

	For the nine months ended September 30,	
	2016	2015
Redevelopment/renovations	\$ 2,540	\$ 1,380
Routine capital expenditures	1,452	1,090
Total capital expenditures	<u>\$ 3,992</u>	<u>\$ 2,470</u>

We define redevelopment and renovation costs as non-recurring capital expenditures for significant projects that upgrade units or common areas and projects that are revenue enhancing for the nine months ended September 30, 2016. We define routine capital expenditures as capital expenditures that are incurred at every property and exclude development, investment, revenue enhancing and non-recurring capital expenditures.

## **Funds from Operations and Adjusted Funds from Operations, Attributable to Common Stockholders**

Funds from operations attributable to common stockholders (“FFO”), is a non-GAAP financial measure that is widely recognized as a measure of REIT operating performance. We consider FFO to be an appropriate supplemental measure of our operating performance as it is based on a net income analysis of property portfolio performance that excludes non-cash items such as depreciation. The historical accounting convention used for real estate assets requires straight-line depreciation of buildings and improvements, which implies that the value of real estate assets diminishes predictably over time. Since real estate values historically rise and fall with market conditions, presentations of operating results for a REIT, using historical accounting for depreciation, could be less informative. We define FFO, consistent with the National Association of Real Estate Investment Trusts, or NAREIT's, definition, as net income, computed in accordance with GAAP, excluding gains (or losses) from sales of property, plus depreciation and amortization of real estate assets, plus impairment write-downs of depreciable real estate, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect FFO on the same basis.

In addition to FFO, we use adjusted funds from operations attributable to common stockholders (“AFFO”). AFFO is a computation made by analysts and investors to measure a real estate company's operating performance by removing the effect of items that do not reflect ongoing property operations. In computing AFFO, we further adjust FFO by adding back certain items that are not added to net income in NAREIT's definition of FFO, such as acquisition expenses, equity based compensation expenses, and any other non-recurring or non-cash expenses, which are costs that do not relate to the operating performance of our properties, and subtracting recurring capital expenditures (and when calculating the quarterly incentive fee payable to our Manager only, we further adjust FFO to include any realized gains or losses on our real estate investments).

During the nine months ended September 30, 2016, we incurred \$2.1 million of acquisition expense and \$0.4 million of disposition expense, of which \$2.5 million was our pro rata share of the expense. We incurred \$1.4 million of acquisition expense and \$0.8 million of disposition expense during the nine months ended September 30, 2015, of which \$1.4 million was our pro-rata share of expense.

Our calculation of AFFO differs from the methodology used for calculating AFFO by certain other REITs and, accordingly, our AFFO may not be comparable to AFFO reported by other REITs. Our management utilizes FFO and AFFO as measures of our operating performance after adjustment for certain non-cash items, such as depreciation and amortization expenses, and acquisition expenses and pursuit costs that are required by GAAP to be expensed but may not necessarily be indicative of current operating performance and that may not accurately compare our operating performance between periods. Furthermore, although FFO, AFFO and other supplemental performance measures are defined in various ways throughout the REIT industry, we also believe that FFO and AFFO may provide us and our stockholders with an additional useful measure to compare our financial performance to certain other REITs. We also use AFFO for purposes of determining the quarterly incentive fee, if any, payable to our Manager.

Neither FFO nor AFFO is equivalent to net income or cash generated from operating activities determined in accordance with GAAP. Furthermore, FFO and AFFO do not represent amounts available for management's discretionary use because of needed capital replacement or expansion, debt service obligations or other commitments or uncertainties. Neither FFO nor AFFO should be considered as an alternative to net income as an indicator of our operating performance or as an alternative to cash flow from operating activities as a measure of our liquidity.

We have acquired interests in six additional properties and five investments accounted for on the equity method of accounting and sold two properties subsequent to September 30, 2015. The results presented in the table below are not directly comparable and should not be considered an indication of our future operating performance.

The table below presents our calculation of FFO and AFFO for the three and nine months ended September 30, 2016 and 2015 (in thousands):

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Net (loss) income attributable to common stockholders	\$ (2,551)	\$ (574)	\$ (11,727)	\$ 2,157
Common stockholders pro-rata share of:				
Real estate depreciation and amortization <sup>(1)</sup>	6,197	3,082	19,436	7,641
Loss (gain) on sale of joint venture interests	—	2	—	(5,320)
Gain on sale of real estate assets	(4,876)	—	(4,876)	—
<b>FFO Attributable to Common Stockholders</b>	<b>\$ (1,230)</b>	<b>\$ 2,510</b>	<b>\$ 2,833</b>	<b>\$ 4,478</b>
Common stockholders pro-rata share of:				
Amortization of non-cash interest expense	472	148	620	243
Acquisition and disposition costs	619	682	1,993	1,367
Loss on early extinguishment of debt	2,269	—	2,269	—
Normally recurring capital expenditures <sup>(2)</sup>	(239)	(215)	(656)	(513)
Preferred stock accretion	271	—	560	—
Non-cash equity compensation	2,382	1,529	6,600	3,821
Non-recurring equity in earnings of unconsolidated joint ventures	(231)	(289)	(231)	(289)
<b>AFFO Attributable to Common Stockholders</b>	<b>\$ 4,313</b>	<b>\$ 4,365</b>	<b>\$ 13,988</b>	<b>\$ 9,107</b>
<b>FFO Attributable to Common Stockholders per share</b>	<b>\$ (0.06)</b>	<b>\$ 0.12</b>	<b>\$ 0.14</b>	<b>\$ 0.27</b>
<b>AFFO Attributable to Common Stockholders per share</b>	<b>\$ 0.21</b>	<b>\$ 0.22</b>	<b>\$ 0.68</b>	<b>\$ 0.56</b>
<b>Weighted average common shares outstanding</b>	<b>20,909,727</b>	<b>20,181,656</b>	<b>20,711,836</b>	<b>16,396,038</b>

<sup>(1)</sup> The real estate depreciation and amortization amount includes our share of consolidated real estate-related depreciation and amortization of intangibles, less amounts attributable to noncontrolling interests, and our similar estimated share of unconsolidated depreciation and amortization, which is included in earnings of our unconsolidated real estate joint venture investments.

<sup>(2)</sup> Normally recurring capital expenditures exclude development, investment, revenue enhancing and non-recurring capital expenditures.

Operating cash flow, FFO and AFFO may also be used to fund all or a portion of certain capitalizable items that are excluded from FFO and AFFO, such as tenant improvements, building improvements and deferred leasing costs.

Presentation of this information is intended to assist the reader in comparing the sustainability of the operating performance of different REITs, although it should be noted that not all REITs calculate FFO or AFFO the same way, so comparisons with other REITs may not be meaningful. FFO or AFFO should not be considered as an alternative to net income (loss), as an indication of our liquidity, nor is either indicative of funds available to fund our cash needs, including our ability to make distributions. Both FFO and AFFO should be reviewed in connection with other GAAP measurements.

## Contractual Obligations

The following table summarizes our contractual obligations as of September 30, 2016 (in thousands) which consisted of mortgage notes secured by our properties. At September 30, 2016, our estimated future required payments on these obligations were:

	Total	Remainder of			
		2016	2017-2018	2019-2020	Thereafter
Mortgages Payable (Principal)	\$ 529,053	\$ 605	\$ 6,696	\$ 29,342	\$ 492,410
Estimated Interest Payments on Mortgage Notes Payable, Unsecured Term Loans and Senior Unsecured Notes	127,095	4,733	37,641	36,547	48,174
<b>Total</b>	<b>\$ 656,148</b>	<b>\$ 5,338</b>	<b>\$ 44,337</b>	<b>\$ 65,889</b>	<b>\$ 540,584</b>

Estimated interest payments are based on the stated rates for mortgage notes payable assuming the interest rate in effect for the most recent quarter remains in effect through the respective maturity dates.

## Distributions

Declaration Date	Payable to stockholders of record as of	Amount	Date Paid or Payable
<b>Class A common stock</b>			
October 7, 2015	December 25, 2015	\$ 0.096667	January 5, 2016
January 13, 2016	January 25, 2016	\$ 0.096666	February 5, 2016
January 13, 2016	February 25, 2016	\$ 0.096667	March 5, 2016
January 13, 2016	March 24, 2016	\$ 0.096667	April 5, 2016
April 8, 2016	April 25, 2016	\$ 0.096666	May 5, 2016
April 8, 2016	May 25, 2016	\$ 0.096667	June 6, 2016
April 8, 2016	June 24, 2016	\$ 0.096667	July 5, 2016
July 8, 2016	July 25, 2016	\$ 0.096666	August 5, 2016
July 8, 2016	August 25, 2016	\$ 0.096667	September 5, 2016
July 8, 2016	September 23, 2016	\$ 0.096667	October 5, 2016
October 4, 2016	October 25, 2016	\$ 0.096666	November 4, 2016
October 4, 2016	November 25, 2016	\$ 0.096667	December 5, 2016
October 4, 2016	December 23, 2016	\$ 0.096667	January 5, 2017
<b>Class B-3 common stock</b>			
October 7, 2015	December 25, 2015	\$ 0.096667	January 5, 2016
January 13, 2016	January 25, 2016	\$ 0.096666	February 5, 2016
January 13, 2016	February 25, 2016	\$ 0.096667	March 5, 2016
<b>Series A Preferred Stock</b>			
December 14, 2015	December 24, 2015	\$ 0.401000	January 5, 2016
March 11, 2016	March 24, 2016	\$ 0.515625	April 5, 2016
June 10, 2016	June 24, 2016	\$ 0.515625	July 5, 2016
September 9, 2016	September 23, 2016	\$ 0.515625	October 5, 2016
<b>Series B Preferred Stock</b>			
April 15, 2016	April 25, 2016	\$ 5.00	May 5, 2016
May 13, 2016	May 25, 2016	\$ 5.00	June 5, 2016
June 10, 2016	June 24, 2016	\$ 5.00	July 5, 2016
July 8, 2016	July 25, 2016	\$ 5.00	August 5, 2016
July 8, 2016	August 25, 2016	\$ 5.00	September 5, 2016
July 8, 2016	September 23, 2016	\$ 5.00	October 5, 2016
October 4, 2016	October 25, 2016	\$ 5.00	November 4, 2016
October 4, 2016	November 25, 2016	\$ 5.00	December 5, 2016
October 4, 2016	December 23, 2016	\$ 5.00	January 5, 2017
<b>Series C Preferred Stock</b>			
September 9, 2016	September 23, 2016	\$ 0.39184	October 5, 2016

A portion of each dividend may constitute a return of capital for tax purposes. There is no assurance that the Company will continue to declare dividends or at this rate.

Our Board will determine the amount of dividends to be paid to our stockholders. The Board's determination will be based on a number of factors, including funds available from operations, our capital expenditure requirements and the annual distribution requirements necessary to maintain our REIT status under the Internal Revenue Code. As a result, our distribution rate and payment frequency may vary from time to time. However, to qualify as a REIT for tax purposes, we must make distributions equal to at least 90% of our "REIT taxable income" each year. Especially during the early stages of our operations, we may declare distributions in excess of funds from operations.

Distributions paid for the nine months ended September 30, 2016 and 2015, respectively, were funded from cash provided by operating activities except with respect to \$2.5 million and \$0 respectively, which was funded from sales of real estate, borrowings, and/or proceeds from our equity offerings.

	<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
	(In thousands)	
Cash provided by operating activities	\$ 24,260	\$ 15,867
Cash distributions to preferred shareholders	\$ (5,647)	\$ -
Cash distributions to common shareholders	(18,223)	(14,119)
Cash distributions to noncontrolling interests	(2,844)	(1,622)
Total distributions	(26,714)	(15,741)
Shortfall	\$ (2,454)	\$ 126
Proceeds from sale of joint venture interests	\$ -	\$ -
Proceeds from sale of unconsolidated real estate joint venture interests	\$ -	\$ 15,590
Proceeds from sale of real estate assets	\$ 36,675	\$ -

#### **Significant Accounting Policies and Critical Accounting Estimates**

Our significant accounting policies and critical accounting estimates are disclosed in our Annual Report on Form 10-K for the year ended December 31, 2015 and Note 2 "Basis of Presentation and Summary of Significant Accounting Policies" to the Consolidated Financial Statements.

#### **Subsequent Events**

Other than the items disclosed in Note 12, "Subsequent Events" to our interim Consolidated Financial Statements for the period ended September 30, 2016, no material events have occurred that required recognition or disclosure in these financial statements. See Note 12 to our interim Consolidated Financial Statements for discussion.

### Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to interest rate risk primarily through borrowing activities. There is inherent roll-over risk for borrowings as they mature and are renewed at current market rates. The extent of this risk is not quantifiable or predictable because of the variability of future interest rates and our future financing requirements. We are not subject to foreign exchange rates or commodity price risk, and all of our financial instruments were entered into for other than trading purposes.

Our interest rate risk is monitored using a variety of techniques. The table below presents the principal payments and the weighted average interest rates on outstanding debt, by year of expected maturity, to evaluate the expected cash flows and sensitivity to interest rate changes.

*(\$ in thousands)*

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Thereafter</u>	<u>Total</u>
Mortgage Notes Payable	\$ 605	\$ 3,050	\$ 3,646	\$ 4,567	\$ 24,775	\$ 492,410	\$ 529,053
Average Interest Rate	4.49%	4.49%	4.36%	4.18%	3.52%	3.53%	3.55%

The fair value (in thousands) is estimated at \$543.7 million for mortgages payable as of September 30, 2016.

The table above incorporates those exposures that exist as of September 30, 2016; it does not consider those exposures or positions which could arise after that date. As a result, our ultimate realized gain or loss with respect to interest rate fluctuations will depend on the exposures that arise during the period and interest rates.

As of September 30, 2016, a 100 basis point increase or decrease in interest rates on the portion of our debt bearing interest at variable rates would result in an increase in interest expense of approximately \$575,000 or decrease by \$303,000, respectively, for the quarter ended September 30, 2016. The difference between the interest expense amounts related to an increase or decrease in our floating rate is because LIBOR was 0.53% at September 30, 2016, therefore we have limited the estimate of how much the interest costs may decrease as we use a floor of 0% for LIBOR.

### Item 4. Controls and Procedures

#### Disclosure Controls and Procedures

##### *Evaluation of Disclosure Controls and Procedures*

As required by Rule 13a-15(b) and Rule 15d-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), our management, including our Chief Executive Officer and Chief Accounting Officer, evaluated, as of September 30, 2016, the effectiveness of our disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e) and Rule 15d-15(e). Based on that evaluation, our Chief Executive Officer and Chief Accounting Officer concluded that our disclosure controls and procedures were effective as of September 30, 2016, to provide reasonable assurance that information required to be disclosed by us in this report filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Exchange Act and is accumulated and communicated to management, including the Chief Executive Officer and Chief Accounting Officer, as appropriate to allow timely decisions regarding required disclosures.

We believe, however, that a controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls systems are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud or error, if any, within a company have been detected.

##### *Changes in Internal Control over Financial Reporting*

There has been no change in internal control over financial reporting that occurred during the three months ended September 30, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

None.

### Item 1A. Risk Factors

Other than the following, there have been no material changes to our potential risks and uncertainties presented in the section entitled “Risk Factors” in our Annual Report on Form 10-K for the twelve months ended December 31, 2015 filed with the SEC on February 24, 2016.

*Your interests could be diluted by the incurrence of additional debt, the issuance of additional shares of preferred stock, including additional shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock (together the “Preferred Stock”) and by other transactions.*

As of September 30, 2016, our total long term indebtedness was approximately \$529.1 million, and we may incur significant additional debt in the future. The Preferred Stock is subordinate to all of our existing and future debt and liabilities and those of our subsidiaries. Our future debt may include restrictions on our ability to pay dividends to preferred stockholders in the event of a default under the debt facilities or under other circumstances. Our charter currently authorizes the issuance of up to 250,000,000 shares of preferred stock in one or more classes or series, and as of the date of this filing, we have issued 5,721,460 shares of Series A Preferred Stock (146,460 of which have been issued in the Series A ATM Offering), 10,546 shares of Series B Preferred Stock, 2,323,750 shares of Series C Preferred Stock and 2,850,602 shares of Series D Preferred Stock. The issuance of additional preferred stock on parity with or senior to the Preferred Stock would dilute the interests of the holders of shares of Preferred Stock, and any issuance of preferred stock senior to the Preferred Stock or of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on the Preferred Stock. We may issue preferred stock on parity with the Preferred Stock without the consent of the holders of the Preferred Stock. Other than the Asset Coverage Ratio and the right of holders to cause us to redeem the Series A Preferred Stock and Series C Preferred Stock upon a Change of Control/Delisting, none of the provisions relating to the Preferred Stock relate to or limit our indebtedness or afford the holders of shares of Preferred Stock protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all our assets or business, that might adversely affect the holders of shares of Preferred Stock.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

### Item 3. Defaults upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

None.

### Item 6. Exhibits

- 3.1 Articles Supplementary of the Company, dated July 15, 2016, incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed on July 18, 2016
- 3.2 Articles Supplementary of the Company, dated October 10, 2016, 2016, incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed on October 12, 2016
- 10.1 Multifamily Loan and Security Agreement (Non-Recourse), by and between BR Carroll Lansbrook, LLC and Walker & Dunlop, LLC, dated as of July 8, 2016, incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on July 11, 2016
- 10.2 Interest Rate Cap Reserve and Security Agreement, by and between BR Carroll Lansbrook, LLC and Walker & Dunlop, LLC, dated as of July 8, 2016, incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K filed on July 11, 2016

- 10.3 Consolidated, Amended and Restated Multifamily Note, by and between BR Carroll Lansbrook, LLC and Walker & Dunlop, LLC, dated as of July 8, 2016, incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on July 11, 2016
- 10.4 Consolidated, Amended and Restated Multifamily Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Florida), by BR Carroll Lansbrook, LLC to and for the benefit of Walker & Dunlop, LLC, dated as of July 8, 2016, incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on July 11, 2016
- 10.5 Assignment of Management Agreement, by and among BR Carroll Lansbrook, LLC, Walker & Dunlop, LLC and Carroll Management Group, LLC, dated as of July 8, 2016, incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on July 11, 2016
- 10.6 Assignment of Security Instrument (Consolidated, Amended and Restated Multifamily Mortgage, Assignment of Leases and Rents Security Agreement and Fixture Filing) by Walker & Dunlop, LLC to and for the benefit of Fannie Mae, dated as of July 8, 2016, incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on July 11, 2016
- 10.7 Environmental Indemnity Agreement, by BR Carroll Lansbrook, LLC to and for the benefit of Walker & Dunlop, LLC, dated as of July 8, 2016, incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on July 11, 2016
- 10.8 Guaranty of Non-Recourse Obligations, by Bluerock Residential Growth REIT, Inc. and Carroll Multifamily Real Estate Fund III, L.P. to and for the benefit of Walker & Dunlop, LLC, dated as of July 8, 2016, incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed on July 11, 2016
- 10.9 First Amendment to Limited Liability Company Agreement of BR Carroll Lansbrook, LLC, by BR Carroll Lansbrook JV, LLC, dated as of July 8, 2016, incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K filed on July 11, 2016
- 10.10 First Amendment to Limited Liability Company Agreement of BR Carroll Lansbrook JV, LLC, by BR Lansbrook JV Member, LLC and Carroll Lansbrook JV Member, LLC, dated as of July 8, 2016, incorporated by reference to Exhibit 10.10 to the Company's Current Report on Form 8-K filed on July 11, 2016
- 10.11 Fifth Amendment to the Second Amended and Restated Agreement of Limited Partnership of Bluerock Residential Holdings, L.P., dated July 15, 2016, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 18, 2016
- 10.12 Limited Liability Company Agreement of BRG Tenside, LLC by Bluerock Residential Holdings, L.P., dated as of June 2, 2016, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 20, 2016
- 10.13 Limited Liability Company Agreement of BR Tenside JV Member, LLC by BRG Tenside, LLC, dated as of June 2, 2016, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on July 20, 2016
- 10.14 Limited Liability Company Agreement of BR Carroll Tenside JV, LLC by and between BR Tenside JV Member, LLC and Carroll Co-Invest IV Tenside, LLC, dated as of July 14, 2016, incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on July 20, 2016
- 10.15 Limited Liability Company Agreement of BR Carroll Tenside, LLC by BR Carroll Tenside JV, LLC, dated as of June 2, 2016, incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on July 20, 2016
- 10.16 Agreement of Purchase and Sale by and between Waterton Tenside Owner, L.L.C. and Carroll Acquisitions, LLC, dated as of May 25, 2016, incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on July 20, 2016
- 10.17 Assignment and Assumption of Purchase Agreement by and between Carroll Acquisitions, LLC and BR Carroll Tenside, LLC, dated as of July 14, 2016, incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on July 20, 2016
- 10.18 Multifamily Loan and Security Agreement (Non-Recourse) by and Between BR Carroll Tenside, LLC and Walker & Dunlop, LLC, dated as of July 14, 2016, incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on July 20, 2016

- 10.19 Multifamily Note by BR Carroll Tenside, LLC to and for the benefit of Walker & Dunlop, LLC, dated as of July 14, 2016, incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed on July 20, 2016
- 10.20 Multifamily Deed to Secure Debt, Assignment of Leases and Rents, Security Agreement and Fixture Filing by BR Carroll Tenside, LLC to and for the benefit of Walker & Dunlop, LLC, dated as of July 14, 2016, incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K filed on July 20, 2016
- 10.21 Assignment of Management Agreement by and among BR Carroll Tenside, LLC, Walker & Dunlop, LLC and Carroll Management Group, LLC, dated as of July 14, 2016, incorporated by reference to Exhibit 10.10 to the Company's Current Report on Form 8-K filed on July 20, 2016
- 10.22 Guaranty of Non-Recourse Obligations by Bluerock Residential Growth REIT, Inc. and Carroll Multifamily Real Estate Fund IV, LP to and for the benefit of Walker & Dunlop, LLC, dated as of July 14, 2016, incorporated by reference to Exhibit 10.11 to the Company's Current Report on Form 8-K filed on July 20, 2016
- 10.23 Environmental Indemnity Agreement by BR Carroll Tenside, LLC to and for the benefit of Walker & Dunlop, LLC, dated as of July 14, 2016, incorporated by reference to Exhibit 10.12 to the Company's Current Report on Form 8-K filed on July 20, 2016
- 10.24 Assignment of Security Instrument (Multifamily Deed to Secure Debt, Assignment of Leases and Rents, Security Agreement and Fixture Filing) by Walker & Dunlop, LLC to Fannie Mae, dated as of July 14, 2016, incorporated by reference to Exhibit 10.13 to the Company's Current Report on Form 8-K filed on July 20, 2016
- 10.25 Property Management Agreement by and between BR Carroll Tenside, LLC and Carroll Management Group, LLC, dated as of July 14, 2016, incorporated by reference to Exhibit 10.14 to the Company's Current Report on Form 8-K filed on July 20, 2016
- 10.26 Indenture of Trust by and between The Atlanta Development Authority and Bank of New York Mellon Trust Company, N.A., dated December 1, 2009
- 10.27 Lease Agreement by and between The Atlanta Development Authority, a public body corporate and politic of the State of Georgia, and Ten Side Holdings, LLC, dated December 1, 2009
- 10.28 Taxable Lease Purchase Revenue Bond by and between The Atlanta Development Authority, a public body corporate and politic of the State of Georgia, and Ten Side Holdings, LLC, dated December 30, 2009
- 10.29 Bond Pledge and Security Agreement by and between KeyBank National Association and Ten Side Holdings, LLC, dated December 29, 2009
- 10.30 Allonge to Bond R-1 by and between Waterton Tenside Owner, L.L.C. and BR Carroll Tenside, LLC
- 10.31 Assignment and Assumption of Bond Documents by and between Waterton Tenside Owner, L.L.C. and BR Carroll Tenside, LLC, dated July 14, 2016
- 10.32 Assignment and Assumption of Lease Documents by and between Waterton Tenside Owner, L.L.C. and BR Carroll Tenside, LLC, dated July 14, 2016
- 10.33 LTIP Unit Vesting Agreement by and between Bluerock Residential Growth REIT, Inc., Bluerock Residential Holdings, L.P., and BRG Manager, LLC, dated August 3, 2016
- 10.34 Sale-Purchase Agreement by and between RPG Glenridge LLC and Carroll Acquisitions, LLC, dated August 12, 2016

- 10.35 First Amendment to Sale-Purchase Agreement by and between RPG Glenridge LLC and Carroll Acquisitions, LLC, dated August 19, 2016
- 10.36 Second Amendment to Sale-Purchase Agreement by and between RPG Glenridge LLC and Carroll Acquisitions, LLC, dated August 24, 2016
- 10.37 Third Amendment to Sale-Purchase Agreement by and between RPG Glenridge LLC and Carroll Acquisitions, LLC, dated August 25, 2016
- 10.38 Assignment and Assumption of Purchase Agreement by and between Carroll Acquisitions, LLC and BR Carroll Glenridge, dated October 13, 2016
- 10.39 Rate Cap Agreement by and between SMBC Capital Markets, Inc. and BR Carroll Glenridge, dated October 11, 2016
- 10.40 Sixth Amendment to the Second Amended and Restated Agreement of Limited Partnership of Bluerock Residential Holdings, L.P., dated October 11, 2016, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 12, 2016
- 10.41 Limited Liability Company Agreement of BRG Glenridge, LLC by Bluerock Residential Holdings, L.P., dated as of August 2, 2016, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 19, 2016
- 10.42 Limited Liability Company Agreement of BR Glenridge JV Member, LLC by BRG Glenridge, LLC, dated as of August 2, 2016, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 19, 2016
- 10.43 Limited Liability Company Agreement of BR Carroll Glenridge JV, LLC by and between BR Glenridge JV Member, LLC and Carroll Co-Invest IV Glenridge, LLC, dated as of October 13, 2016, incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on October 19, 2016
- 10.44 Limited Liability Company Agreement of BR Carroll Glenridge, LLC by BR Carroll Glenridge JV, LLC, dated as of August 2, 2016, incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on October 19, 2016
- 10.45 Multifamily Loan and Security Agreement (Non-Recourse) by and between BR Carroll Glenridge, LLC and KeyBank National Association, dated as of October 13, 2016, incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on October 19, 2016
- 10.46 Multifamily Note by BR Carroll Glenridge, LLC to and for the benefit of KeyBank National Association, dated as of October 13, 2016, incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on October 19, 2016
- 10.47 Multifamily Deed to Secure Debt, Assignment of Leases and Rents and Security Agreement by BR Carroll Glenridge, LLC to and for the benefit of KeyBank National Association, dated as of October 13, 2016, incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on October 19, 2016
- 10.48 Assignment of Management Agreement and Subordination of Management Fees by and among BR Carroll Glenridge, LLC, KeyBank National Association and Carroll Management Group, LLC, dated as of October 13, 2016, incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed on October 19, 2016
- 10.49 Guaranty by Bluerock Residential Growth REIT, Inc. and Carroll Multifamily Real Estate Fund IV, LP to and for the benefit of KeyBank National Association, dated as of October 13, 2016, incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K filed on October 19, 2016
- 10.50 Assignment of Security Instrument by KeyBank National Association to Federal Home Loan Mortgage Corporation, dated as of October 13, 2016, incorporated by reference to Exhibit 10.10 to the Company's Current Report on Form 8-K filed on October 19, 2016
- 10.51 Property Management Agreement by and between BR Carroll Glenridge, LLC and Carroll Management Group, LLC, dated as of October 13, 2016, incorporated by reference to Exhibit 10.11 to the Company's Current Report on Form 8-K filed on October 19, 2016

- 23.1 Consent of BDO USA, LLP, incorporated by reference to Exhibit 23.1 to the Company's Current Report on Form 8-K filed on September 29, 2016
- 31.1 Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002.
- 99.1 Closing Press Release, dated July 12, 2016, incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on July 18, 2016
- 99.2 Press Release, dated August 8, 2016, incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on August 8, 2016
- 99.3 Supplemental Financial Information, incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K filed on August 8, 2016
- 99.4 Presentation, dated September 27, 2016, incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K filed on September 27, 2016
- 99.5 Press Release, dated October 6, 2016, incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on October 12, 2016
- 101.1 The following information from the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2016, formatted in XBRL (eXtensible Business Reporting Language): (i) Balance Sheets; (ii) Statements of Operations; (iii) Statement of Stockholders' Equity; (iv) Statements of Cash Flows.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**BLUEROCK RESIDENTIAL GROWTH REIT, INC.**

DATE: November 7, 2016

/s/ R. Ramin Kamfar  
R. Ramin Kamfar  
Chief Executive Officer and President  
(Principal Executive Officer)

DATE: November 7, 2016

/s/ Christopher J. Vohs  
Christopher J. Vohs  
Chief Accounting Officer and Treasurer  
(Principal Financial Officer, Principal Accounting Officer)

**INDENTURE OF TRUST**

**between**

**THE ATLANTA DEVELOPMENT AUTHORITY**

**and**

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,**

**as Trustee**

Securing the issuance of not to exceed \$70,000,000 in aggregate principal amount of The Atlanta Development Authority Taxable Lease Purchase Revenue Bonds (Tivoli Tenside Project), Series 2009 issued hereunder.

Dated as of December 1, 2009

This instrument was prepared by:  
Hunton & Williams LLP  
600 Peachtree Street  
Suite 4100  
Atlanta, Georgia 3030

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## INDENTURE OF TRUST

THIS INDENTURE OF TRUST (the "Indenture"), dated as of December 1, 2009, made and entered into by and between The Atlanta Development Authority, a public body corporate and politic created and existing under the laws of the State of Georgia (the "Issuer"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a banking corporation duly organized and validly existing under the laws of the United States of America with trust powers in the State of Georgia, and authorized to accept and execute trusts of the character herein set out, with a corporate trust office in Atlanta, Georgia, as trustee (the "Trustee");

### RECITALS

WHEREAS, the Issuer has been created pursuant to the provisions of the General Assembly of the State of Georgia (O.C.G.A. § 36-62-1 *et seq.*, as amended) (the "Act"), and an activating resolution of the City Council of the City of Atlanta, Georgia, adopted on February 17, 1997, and approved by the Mayor of the City of Atlanta, Georgia, on February 20, 1997, the Issuer has been activated as required by the terms of the Act, its directors have been appointed as provided therein and are currently acting in that capacity and a copy of said activating resolution has been filed with the Secretary of the State of Georgia as required by law; and

WHEREAS, the Issuer has been created to develop and promote for the public good and general welfare trade, commerce, industry and employment opportunities and to promote the general welfare of the State of Georgia; the Act empowers the Issuer to issue its revenue obligations, in accordance with the applicable provisions of the Revenue Bond Law of the State of Georgia (O.C.G.A. Sections 36-82-60, *et seq.*), as heretofore and hereafter amended, for the purpose of financing or refinancing the acquisition, construction and installation of any "project" (as defined in the Act) for lease or sale to prospective tenants or purchasers in furtherance of the public purpose for which it was created; and

WHEREAS, after careful study and investigation the Issuer, in furtherance of the purpose for which it was created and pursuant to resolution duly adopted, has entered into that certain Lease Agreement (the "Lease Agreement"), dated as of even date herewith, with Ten Side Holdings, LLC (the "Company"), a limited liability company organized and existing under the laws of the State of Georgia, pursuant to which the Issuer has agreed to acquire, construct and equip the Project (as defined in the Lease Agreement), for the exclusive use and occupancy of the Company under the Lease Agreement and the Company has agreed to pay the Issuer specified rental payments and other payments; and

WHEREAS, after careful investigation, the Issuer has found and does hereby declare that it is in the best interest of the citizens of Fulton County that the Project be acquired, constructed and equipped and leased to the Company for the purposes stated in the Lease Agreement, all in keeping with the public purpose for which the Issuer was created; and

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WHEREAS, a Project Summary for the Project has been prepared by the Company, and it is estimated that the amount necessary to finance the acquisition of the Project, including expenses incidental thereto, will not exceed \$70,000,000 (said Project Summary, which may be amended from time to time by the Company, has been approved by the Issuer and is on file with the Company) and has been found by the Issuer to be for valid and lawful purposes; and

WHEREAS, the most feasible method of financing the cost of the acquisition of the Project is through the issuance hereunder of The Atlanta Development Authority Taxable Lease Purchase Revenue Bonds (Tivoli Tenside Project), Series 2009 (the "Bonds"), in the aggregate principal amount of not to exceed \$70,000,000; and

WHEREAS, the execution and delivery of this Indenture and the sale, issuance and delivery of the Bonds have been in all respects duly and validly authorized by resolution duly adopted by the Issuer; and

WHEREAS, the Bonds will be delivered to and paid for by the purchaser in multiple installments as and when moneys are required to complete the acquisition, construction and installation of the Project, and the provisions of this Indenture are to be liberally read and construed in a manner which facilitates such approach to delivery and payment; and

WHEREAS, the Issuer will receive rental payments and other payments from the Company, which revenues, together with all other rents, revenues and receipts arising out of or in connection with the Issuer's ownership of the Project, shall be pledged together with the Lease Agreement (except for certain Unassigned Rights) as security for the payment of the principal of and interest on the Bonds; and

WHEREAS, the Trustee recites that a condition of its acceptance of this Indenture was the receipt of a duly authorized, executed and delivered Guaranty Agreement, dated as of even date herewith, pursuant to which the Company absolutely and unconditionally guarantees the full and prompt payment of the principal of and interest on the Bonds in accordance with the provisions of this Indenture; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued and delivered as provided in this Indenture, the valid, binding and legal obligations of the Issuer, according to the import thereof, and to create a valid assignment and pledge of the rental payments and other payments derived from the Lease Agreement to the payment of the principal of and interest on the Bonds and a valid assignment of all the right, title and interest of the Issuer (except for the Unassigned Rights) in the Lease Agreement, have been done and performed, and the execution and delivery of this Indenture and the execution, issuance and delivery of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

**NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS INDENTURE WITNESSETH:**

That the Issuer, in consideration of the premises and of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds by the owners thereof, and of the sum of One Dollar (\$1.00), lawful money of the United States of America, to it duly paid by the Trustee, at or before the execution and delivery of these presents, and for other good and valuable considerations the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and interest on the Bonds according to their tenor and effect and to insure the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, has given, granted, pledged, assigned, conveyed and transferred and does by these presents give, grant, pledge, assign, convey and transfer to the Trustee, and to its successors in the trusts hereby created, and to them and their assigns forever, all of the Issuer's estate, right, title and interest in, to and under any and all of the following described property, rights and interest:

I.

A security interest in all right, title and interest of the Issuer in the Lease Agreement and all amendments, modifications and renewals thereof (except for the Unassigned Rights).

II.

A security interest in all rental payments and other payments to be received pursuant to the Lease Agreement, together with all other rents, revenues and receipts arising out of or in connection with the Issuer's ownership of the Project (except for the Unassigned Rights), and all amendments, modifications and renewals thereof.

III.

A security interest in all amounts on deposit from time to time in the Project Fund and the Bond Fund, subject to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein.

TO HAVE AND HOLD all the same with all privileges and appurtenances hereby given, granted, pledged, assigned, conveyed, mortgaged and transferred, or agreed or intended to be to the Trustee and its successors in said trusts and to them and their assigns forever;

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, for *the* equal and proportionate benefit, security and protection of all owners of the Bonds issued or to be issued under and secured by this Indenture, without preference, priority or distinction as to lien or otherwise of any of the Bonds over any of the others except as herein expressly provided;

PROVIDED, HOWEVER, that upon Payment in Full of the Bonds in accordance with the terms and provisions of this Indenture, this Indenture and the rights hereby granted shall cease, determine and be void; otherwise, this Indenture shall be of full force and effect.

TIDS INDENTURE FURTHER WITNESSETH and it is expressly declared that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all property hereby given, granted, pledged, assigned, conveyed or transferred is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted and does hereby agree and covenant with the Trustee and with the respective owners, from time to time, of the Bonds or any part thereof, as follows, that is to say:

## ARTICLE I.

### DEFINITIONS

Section 101. Definitions. The following words and phrases and others evidently intended as the equivalent thereof shall, in the absence of clear implication herein otherwise, be given the following respective interpretations herein (terms which are not defined in this Section shall have the meaning specified in Article I of the Lease Agreement except as herein otherwise expressly provided or unless the context requires otherwise):

“Act” means an act of the General Assembly of the State of Georgia known as the “Development Authorities Law” (O.C.G.A. Section 36-62), as amended.

“Bond Fund” means the Bond principal and interest payment fund created by Section 602 hereof and within which there shall be established a General Account and a Special Account. Any reference herein to the words “Bond Fund” without further qualification shall constitute a reference to said General Account.

“Bond Purchase Agreement” means the contract of even date herewith pursuant to which the Issuer has agreed to sell, and the Purchaser has agreed to purchase, the Bonds, in accordance with the provisions thereof.

“Bond” or “Bonds” means The Atlanta Development Authority Taxable Lease Purchase Revenue Bonds (Tivoli Tenside Project), Series 2009.

“Company” means Ten Side Holdings, LLC, a Georgia limited liability company, and its successors and assigns, including any surviving, resulting or transferee entity as provided in Section 8.3 of the Lease Agreement.

“Counsel” means an attorney or firm thereof duly admitted to practice law before the highest court of any state in the United States of America or of the District of Columbia.

The term “event of default” means the events specified in Section 1101 hereof, subject to the terms of Section 1112 hereof.

“Extraordinary Services” and “Extraordinary Expenses” means all services rendered and all expenses incurred by the Trustee under this Indenture other than Ordinary Services and Ordinary Expenses.

“Financing Statements” means any and all financing statements (including continuation statements) filed for record from time to time.

“Government Obligations” means (a) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged, or (b) obligations issued by a person controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of and interest on which is fully and unconditionally guaranteed as a full faith and credit obligation by the United States of America (including any securities described in (a) or (b) issued or held in book-entry form on the books of the Department of Treasury of the United States of America), which obligations, in either case, are held in the name of the Trustee and not subject to redemption prior to maturity by anyone other than the holder thereof.

“Guaranty Agreement” means the Guaranty Agreement, of even date herewith, from the Company to the Trustee, pursuant to the terms of which the Company has absolutely and unconditionally guaranteed the payment of the principal of and interest on, the Bonds, and any amendments or supplements thereto.

“Indenture” means this Indenture of Trust, as amended, supplemented or restated from time to time.

“Independent Counsel” means an attorney, or firm thereof, duly admitted to practice law before the highest court of any state in the United States of America or of the District of Columbia and not an employee of or regularly retained by either the Issuer or the Company.

“Interest Payment Date” means, with respect to the Bonds, January 1, 2010, and each January 1 and July 1 thereafter, and each date on which interest or principal is due and payable on all or part of the Bonds by reason of acceleration or redemption.

“Interest Period” means the period from and including any Interest Payment Date to and including the day immediately preceding the next following Interest Payment Date.

“Issuer” means The Atlanta Development Authority, a public body corporate and politic created and existing under the laws of the State of Georgia, and its lawful successors and assigns.

“Lease Agreement” or “Lease” means the Lease Agreement, of even date herewith, between the Issuer and the Company, and any amendments or supplements thereto.

“Ordinary Services” and “Ordinary Expenses” means those services normally rendered and those expenses normally incurred by a Trustee under instruments similar to this Indenture, including without limitation, fees and expenses of the Trustee as paying agent and bond registrar, and as custodian of the Project Fund and the Bond Fund hereunder.

The term “outstanding,” when used with reference to the Bonds at any date as of which the amount of outstanding Bonds is to be determined, means all Bonds which have been authenticated and delivered to Purchasers by the Trustee under this Indenture, except:

(a) Bonds canceled at or prior to such date;

(b) Bonds for the payment or prepayment of which sufficient moneys and/or Government Obligations meeting the terms and conditions specified in Section 1002 hereof shall have been theretofore transferred or deposited into the Bond Fund (whether upon or prior to the maturity or prepayment date of any such Bonds); provided that if such Bonds are to be prepaid prior to the maturity thereof, notice of such prepayment shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(c) Bonds in lieu of which others have been authenticated under Section 206 hereof; and

(d) For purposes of any consent or other action to be taken by the owners of a specified percentage of outstanding Bonds hereunder, or unless the Company or an affiliate of the Company shall own at such time 100% of the outstanding Bonds (determined without reference to this subparagraph (d)), Bonds held by the Company or an affiliate of the Company, except that in determining whether the Trustee shall be protected in relying upon any such approval or consent of an owner, only Bonds which a Responsible Officer of the Trustee actually knows to be owned by the Company or an affiliate thereof shall be disregarded, unless all Bonds are owned by the Company or an affiliate thereof, in which case such Bonds shall be considered outstanding for the purpose of such determination.

The term “owners of the Bonds” means the registered owners of the Bonds.

The term “Payment in Full of the Bonds” specifically encompasses the situations described in Sections 1001 and 1002 hereof.

“Person” means natural persons, firms, associations, corporations and public bodies and other legal entities.

The term “Principal Office of the Trustee” means the corporate trust office of the Trustee in Atlanta, Georgia, or the principal corporate trust office of any successor trustee designated pursuant to the provisions of a supplemental indenture.

“Project” means the Leased Land and the Improvements defined and described in the Lease Agreement, as each may at any time exist.

“Project Fund” means the trust fund created by the Issuer in Section 701 herein.

“Purchaser” means initially Ten Side Holdings, LLC, as Purchaser under the Bond Purchase Agreement, and its successors and assigns.

“Quitclaim Deed and Bill of Sale” means the Quitclaim Deed and Bill of Sale to be dated the date of actual execution and delivered in accordance with Section 11.4 of the Lease Agreement. The Quitclaim Deed and Bill of Sale, in substantially the form it is to be executed and delivered, is attached to the Lease Agreement as Exhibit “D.”

“Record Date” means the close of business on the 15th day (whether of not a business day) of the month immediately preceding the applicable Interest Payment Date.

“Responsible Officer of the Trustee” means, any vice president, assistant vice president or other officer of the Trustee within the Principal Office of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the Principal Office of the Trustee because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Indenture.

“Security interest” or “security interests” shall refer to the security interests created herein and shall have the meaning set forth in the Uniform Commercial Code of Georgia, as now or hereafter amended.

“Trust Estate” means the property described in Sections I, II and III of the Granting Clauses of this Indenture.

“Trustee” means the party so named and designated in the first paragraph of this Indenture and any co-trustee or successor trustee hereunder and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

“Unassigned Rights” means the rights of the Issuer in and under the Lease Agreement to be reimbursed for fees and expenses, the right of the Issuer to inspect the Project and the right of the Issuer to be indemnified.

Section 102. Use of Phrases. “Herein,” “hereby,” “hereunder,” “hereof,” “hereinbefore,” “hereinafter” and other equivalent words refer to this Indenture and not solely to the particular portion hereof in which any such word is used. The definitions set forth in Section 101 hereof include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

ARTICLE II.

TERMS, EXECUTION AND DELIVERY OF THE BONDS

Section 201. Issuance of Bonds in Series. The Bonds may be issued in different series and each Bond shall have an appropriate series designation. All of the Bonds shall be equally and ratably secured by this Indenture and by the pledge herein made, it being expressly understood and agreed that no Bonds issued hereunder shall be prior to any other Bonds thereafter issued hereunder, but shall be on a parity therewith, with respect to the pledge of this Indenture.

Section 202. Dates and Places of Payment of Bonds. Each series of the Bonds shall bear such date as shall be specified in this Indenture or in the supplemental indenture providing for the issuance thereof and shall mature on such dates in such years and in such amounts as shall be fixed therefor prior to the issuance thereof. Interest on the Bonds from their respective dates until their respective maturities shall be payable at such rates as shall be fixed therefor prior to the issuance thereof.

The Bonds shall be issued as fully registered Bonds as hereinafter provided.

Each Bond shall be dated the date of its authentication and delivery by the Trustee. The Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication of such Bond to which interest has been paid or provided for, unless: (1) the date of authentication of such Bond is an Interest Payment Date to which interest has been paid or provided for, then from the date of authentication thereof, or (2) no interest has been paid on such Bond, in which case from the date of authentication and delivery of such Bond or (3) such authentication date shall be after any Record Date and before the next succeeding Interest Payment Date in which case interest shall be paid from the next succeeding Interest Payment Date.

The principal of and interest on each of the Bonds shall be payable in lawful money of the United States of America by check to the owner thereof delivered at the address of such owner as shown on the bond register maintained by the Trustee as Bond Registrar (the "Bond Register"), unless there shall be in effect a home office payment agreement satisfactory to the Trustee, as provided in Section 208 hereof. Such payments shall be made to the person in whose name a Bond shall be registered on the Bond Register, with respect to payment of principal, on the date such principal is due, and, with respect to the payment of interest, as of the applicable Record Date as shown on the Bond Register. Payment of the final installment of principal of each Bond to the owner thereof shall be made upon surrender of the Bond to the Trustee. The Bond Registrar shall maintain a record of the amount and date of all payments or prepayments of the principal of and interest on the Bonds.

Section 203. Execution; Limited Obligation. The Bonds shall be executed on behalf of the Issuer by the official manual signature of its Chair or Vice Chair and the Issuer's corporate seal shall be affixed thereto and attested by the official manual signature of its Secretary or Assistant Secretary. The obligation of the Issuer to pay the Bonds and the interest thereon shall not be a general obligation of the Issuer but shall be a limited obligation which shall be payable from, and wholly secured by, a pledge of the rental payments and other payments received from the Company derived by the Issuer under the Lease Agreement together with all other rents, revenues and receipts arising out of or in connection with the Issuer's ownership of the Project. The Bonds shall not constitute obligations of the State of Georgia, Fulton County, City of Atlanta, Georgia or any political subdivision therein. If any officer of the Issuer who shall have signed or sealed any Bonds shall cease to be such officer before such Bond so signed and/or sealed has been authenticated and delivered by the Trustee, such Bond nevertheless may be authenticated and delivered as though the person who signed and/or sealed such Bond had not ceased to be such officer, and also any Bond may be signed and sealed on behalf of the Issuer by such persons as at the actual time of execution of such Bond shall be the proper officers of the Issuer, although at the date of such Bond such persons may not have been officers of the Issuer. The Issuer has no taxing power.

Section 204. Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Trustee shall be entitled to any right or benefit under this Indenture. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. Said certificate of authentication on any Bond shall be deemed to have been executed by the Trustee if signed by an authorized signatory of the Trustee, but it shall not be necessary that the same signatory sign the certificate of authentication on all of the Bonds issued hereunder.

Section 205. Form of Bonds. The Bonds and the form for transfer and the validation certificate to be printed thereon, and the Trustee's certificate to be endorsed on all Bonds shall be in substantially the form hereinafter set forth in Section 303 hereof with such appropriate variations, omissions, substitutions and insertions as are permitted or required by this Indenture and may have such letters, numbers or other marks of identification and such legends and endorsements placed thereon, as may be required to comply with any applicable laws or rules or regulations, or as may, consistently herewith, be determined by the officers executing such Bonds, as evidenced by their execution of the Bonds.

Section 206. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate and deliver a new Bond in the same principal amount in lieu of and in substitution for the Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Issuer and the Trustee evidence satisfactory to them and to the Company of the ownership of such Bond and of such loss, theft or destruction, together with indemnity satisfactory to them. If any such Bond shall have fully matured, instead of issuing a new Bond the Issuer may pay the same. The Issuer and the Trustee may charge the owner of such Bond with their reasonable fees, costs and expenses in this connection.

Section 207. Transfer of Bonds; Persons Treated as Owners. The Issuer shall cause books for the transfer of the Bonds as provided in this Indenture to be kept by the Trustee which is hereby constituted and appointed the Bond Registrar of the Issuer. Upon surrender for transfer of any Bond at the Principal Office of the Trustee, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or fully registered Bonds in the same aggregate principal amount of any authorized denomination or denominations. Fully registered Bonds may be exchanged at the Principal Office of the Trustee for an equal aggregate principal amount of fully registered Bonds of any authorized denomination or denominations.

Any Bond shall be fully transferable by the registered owner on the Bond Register to be provided for that purpose, upon presentation of such Bond for notation of transfer thereof at the Principal Office of the Trustee, as Bond Registrar, accompanied by a written instrument of transfer in form satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing. No service charge shall be made for any such transfer, but the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. The person in whose name any Bond is registered from time to time shall be deemed and regarded as the absolute owner thereof for all purposes and payment of or on account of the principal of and interest on such Bond shall be made only to or upon the order of the registered owner thereof, or its attorney duly authorized in writing, and neither the Issuer, the Trustee (acting in its capacity as Bond Registrar or otherwise), nor any paying agent acting for the Issuer shall be affected by any notice to the contrary. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Bonds to the extent of the sum or sums so paid.

Anything in this Indenture to the contrary notwithstanding, there shall not be effected, and the Trustee acting as Bond Registrar shall not permit the effecting of, any transfer of any Bond pursuant to the provisions of this Section, unless there is delivered to the Trustee an opinion of Counsel satisfactory to the Trustee, the Issuer and the Company to the effect that such transfer will not violate applicable securities laws, together with the consent of holder of any Superior Security Document or any Leasehold Mortgagee in their sole discretion at any time a Superior Security Document or any Leasehold Security Deed is outstanding.

All Bonds which have been surrendered to the Trustee pursuant to Section 206 or 207 of this Indenture or for the purpose of payment upon maturity or prepayment prior to maturity shall be canceled and destroyed by the Trustee and a certificate of destruction shall be delivered to the Issuer upon the Issuer's request.

Section 208. Home Office Payment Agreement. Notwithstanding any provision of this Indenture or of any Bond to the contrary, the Issuer and the Trustee may enter into a home office payment agreement with the owner of any Bond in an original principal amount of at least \$100,000, providing for the making to such owner of all payments of principal and interest on such Bond or any part thereof (other than any payment of the entire unpaid principal amount thereof) at a place, by a means and in a manner other than as provided in this Indenture and in the Bonds without presentation or surrender of such Bond, upon such conditions as shall be satisfactory to the Trustee (including the payment by Company of rental payments under the Lease directly to the owners of the Bonds in satisfaction of the principal and interest on the Bonds). The Trustee agrees to make or permit to be made payments of principal and interest on the Bonds in accordance with the provisions of such home office payment agreement. The Trustee shall not be liable to any such owner or to the Issuer for any act or omission to act on the part of the Issuer, any such owner or any agent of the Issuer, in connection with any such agreement, and the Trustee shall have no obligation in connection with any payment of principal or interest made in compliance with any such agreement and shall not be deemed to have notice of any default in the making of any such payment. Upon the transfer of any registered Bond being paid in accordance with the provisions of a home office payment agreement permitted by this Section, the owner of such registered Bond prior to the delivery of such Bond to the transferee, shall make a notation on such Bond of the date to which interest has been paid thereon and the amount of any prepayments made on account of the principal thereof, and the Trustee shall not be deemed to have notice of any such payment.

**Section 209. Notice of Prepayment.** Notice of the call for any total or partial prepayment shall be given by the Trustee by mailing a copy of the prepayment notice by first class mail at least 30 days prior to the prepayment date to the registered owners of the Bonds at the addresses shown on the Bond Register.

Not later than 11:00 a.m. on the prepayment date, sufficient moneys shall be deposited in the Bond Fund to pay the Bonds or portions thereof called for prepayment and accrued interest thereon to the prepayment date. Any portion of any Bond thus called and provided for as hereinabove specified shall not bear interest after the prepayment date.

**Section 210. Payment of Prepayment Price and Endorsement of Bonds.** Upon the date set for prepayment in said written notice, the Trustee, as paying agent, shall pay the prepayment price in lawful moneys of the United States of America by check to the owners of the Bonds at the addresses of such owner shown in the Bond Register. By acceptance of a Bond, the owner thereof agrees that upon a partial prepayment thereof it will endorse in the space provided on the schedule attached to such Bond, the amount and date of such partial prepayment and shall immediately forward a written confirmation of such prepayment and endorsement to the Trustee.

**Section 211. Pro Kata Prepayment.** With respect to any partial prepayment of Bonds, the total principal amount to be prepaid shall be pro rated among the owners of the Bonds on the basis of the outstanding principal amount of the Bonds held by each owner as related to the outstanding principal amount of all Bonds.

ARTICLE III.

THE BONDS

Section 301. Issuance of the Bonds. The Bonds (i) shall be designated “The Atlanta Development Authority Lease Purchase Taxable Revenue Bonds (Tivoli Tenside Project), Series 2009,” (ii) shall be issuable as one or more fully registered Bonds in the denomination of at least \$100,000 as may otherwise be necessary to pay the final outstanding costs of the Project, (iii) shall be dated in the manner set forth in Section 202 hereof, (iv) shall bear interest at the rate of 6.00% per annum (computed on the basis of a 360-day year, consisting of twelve 30-day months) from the Interest Payment Date next preceding the date of authentication of such Bond to which interest has been paid or provided for, unless: (1) the date of authentication of such Bond is an Interest Payment Date to which interest has been paid or provided for, then from the date of authentication thereof, or (2) no interest has been paid on such Bond, in which case from the date of authentication and delivery of such Bond or (3) such authentication date shall be after any Record Date and before the next succeeding Interest Payment Date in which case interest shall be paid from the next succeeding Interest Payment Date (interest due on any Bond on any Interest Payment Date shall be paid to the Registered Owner of such Bond as shown on the registration books kept by the Registrar on the Record Date), first interest payable on the next succeeding January 1 or July 1 (whichever shall come first) and semiannually thereafter on January 1 and July 1 of each year until maturity or earlier date of prepayment, and shall mature on January 1, 2022, and (v) shall be numbered from R-1, consecutively upwards in order of authentication according to the records of the Trustee.

Section 302. Prepayment Dates and Prices. The Bonds are subject to prepayment prior to maturity by the Issuer at any time, in whole or in part (pro rata among the owners of the Bonds as provided in this Indenture), at 100% of the principal amount to be so prepaid plus accrued interest thereon to the prepayment date.

Section 303. Form of Bonds. The fully registered Bonds shall be in substantially the form set forth, to the extent provided in Section 205 hereof, as follows:

(FORM OF BOND)

UNITED STATES OF AMERICA

STATE OF GEORGIA

THE ATLANTA DEVELOPMENT AUTHORITY  
TAXABLE LEASE PURCHASE REVENUE  
BOND (TIVOLI TENSIDE PROJECT)

SERIES 2009

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION, AND IT MAY NOT BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED NOR MAY THE EXTENT OF ITS REGISTRATION BE REDUCED, WITHOUT OPINION OF COUNSEL SATISFACTORY TO THE TRUSTEE, THE ISSUER AND THE INITIAL LESSEE OF THE PROJECT REFERRED TO IN THIS BOND TO THE EFFECT THAT SUCH TRANSFER OR CHANGE IN THE EXTENT OF REGISTRATION WILL NOT VIOLATE APPLICABLE SECURITIES LAWS.

No. R\_ \_\_\_\_\_ \$ \_\_\_\_\_

FOR VALUE RECEIVED, The Atlanta Development Authority (the "Issuer"), a public body corporate and politic duly created and existing under the laws of the State of Georgia, hereby promises to pay to Ten Side Holdings, LLC, or registered assigns, solely from the fund hereinafter described and from no other source, on the first day of January, 2022, the principal sum of

\_\_\_\_\_ **DOLLARS**

and to pay to the registered owner hereof solely from said special fund, interest hereon at the rate of 6.00% per annum (calculated on the basis of a 360-day year consisting of twelve 30-day months), from the dated date hereof or from the last Interest Payment Date to which interest has been paid (interest due on any Bond on any Interest Payment Date shall be paid to the Registered Owner of such Bond as shown on the registration books kept by the Registrar on the Record Date), first interest payable on the next succeeding January 1 or July 1 (whichever shall come first) and semiannually thereafter on January 1 and July 1 each year until payment of the principal amount of this bond. The principal of and the interest on this bond shall be payable in lawful money of the United States of America by check mailed to the registered owner hereof at the orders shown on the Bond Register or to the order of any subsequent registered owner hereof shown on the Bond Register, unless there shall be in effect, as provided in the hereinafter mentioned Indenture, a home office payment agreement satisfactory to the Trustee. Payment of the final installment of interest on and principal of this bond shall be made upon surrender of this Bond to The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). Such payment shall be made to the person in whose name this bond is registered on the Bond Register with respect to payment of principal, on the date such principal is due and with respect to the payment of interest.

“Record Date” shall mean the close of business on the 15th day (whether or not a Business Day) of the calendar month immediately preceding the applicable Interest Payment Date.

This bond is a fully registered bond comprising one of a duly authorized series in the aggregate principal amount of not to exceed \$70,000,000 (the “bonds”), of like tenor except as to numbers, issued under and secured by an Indenture of Trust, dated as of December 1, 2009, by and between the Issuer and the Trustee (the “Indenture”), and an authorizing resolution of the Issuer, adopted on August 21, 2008, for the purpose of financing the acquisition, construction and equipping of certain land, buildings, structures and other facilities to be used as a mixed-use, multifamily development comprised of 336 multifamily housing units and approximately 38,600 square feet of street level retail space (the “Project”) for lease to Ten Side Holdings, LLC, a Georgia limited liability company (the “Company”) pursuant to a Lease Agreement, dated as of December 1, 2009 (the “Lease Agreement”), between the Issuer and the Company.

The Indenture recites that the bonds of this series may be delivered to, and paid for by, the purchaser, in multiple installments as and when moneys are required to complete the acquisition, construction and installation of the Project.

THIS BOND AND THE INTEREST HEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A GENERAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF GEORGIA OR OF THE CITY OF ATLANTA, FULTON COUNTY AND DOES NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE SAID STATE OR MUNICIPALITY TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER FOR THE PAYMENT OF SUCH PRINCIPAL AND INTEREST. THE ISSUER HAS NO TAXING POWER. THIS BOND IS PAYABLE SOLELY FROM THE RENTAL PAYMENTS AND OTHER PAYMENTS RECEIVED UNDER THE LEASE AGREEMENT TOGETHER WITH ALL OTHER RENTS, REVENUES AND RECEIPTS ARISING OUT OF OR IN CONNECTION WITH THE ISSUER’S OWNERSHIP OF THE PROJECT (EXCEPT FOR CERTAIN UNASSIGNED RIGHTS) AND THE ISSUER IS OBLIGATED TO PAY THE PRINCIPAL OF AND THE INTEREST ON THIS BOND ONLY FROM AMOUNTS PLEDGED THEREFOR PURSUANT TO THE INDENTURE. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON THIS BOND AGAINST ANY OFFICER, DIRECTOR, EMPLOYEE, AGENT OR MEMBER OF THE ISSUER.

This bond is issued and the Indenture was authorized, executed and delivered by the Issuer under and pursuant to the laws of the State of Georgia, including particularly an act of the General Assembly of the State of Georgia (O.C.G.A. Section 36-62), as amended, and the aforesaid resolution of the Issuer. Pursuant to the terms of the Lease Agreement, the Company must pay to the Issuer rental payments which are pledged to, and will be fully sufficient to provide for, the payment of the principal of and the interest on the bonds as the same become due.

As additional security for the payment of the Bonds, the Company will enter into a Guaranty Agreement with the Trustee, dated as of December 1, 2009, under the terms of which the Company will unconditionally guarantee to the Trustee, for the benefit of the owners of the Bonds, the payment of the principal of and redemption price, if any, and interest on the Bonds as the same become due.

The Issuer has agreed that it will use its best efforts to keep the Project continuously leased and will prescribe and collect rental payments therefor sufficient to pay when due the principal of and the interest on the bonds. Reference to the Indenture is hereby made for a description of the aforesaid Bond Fund which is charged with, and pledged to, the payment of the principal of and the interest on the bonds, the nature and extent of the security for the Bonds, the rights, duties and obligations of the Issuer and the Trustee, the rights of the owners of the bonds, the terms and conditions under and upon the occurrence of which the Indenture and the Lease Agreement may be modified and the terms and conditions under and upon the occurrence of which the lien of the Indenture may be defeased as to this bond prior to the maturity or prepayment date hereof, to all of the provisions of which the owner hereof, by the acceptance of this bond, assents.

The bonds of this series are subject to prepayment prior to maturity by the Issuer at any time, in whole or in part, pro rata among the owners of the bonds of this series as provided in the Indenture, at 100% of the principal amount to be so prepaid plus accrued interest thereon to the prepayment date.

When this bond (or any portion hereof) is called for prepayment as aforesaid, notice thereof shall be given by mailing a copy of the prepayment notice by first class mail at least thirty days prior to the prepayment date to the registered owner of this bond at the addresses shown on the registration books.

Less than the entire principal amount of this bond may be prepaid and in such case, upon the surrender of such bond (a) appropriate endorsement shall be made thereon by the Trustee to reflect such partial prepayment, or (b) there shall be issued to the registered owner hereof, without charge therefor, for the unredeemed balance of the principal amount of this bond, fully registered bonds in any of the authorized denominations, as more fully set forth in the Indenture.

By acceptance of this bond, the owner hereof agrees that in the event it elects not to surrender this bond to the Trustee as described in the foregoing paragraph, upon a partial prepayment of this bond it will endorse in the space provided on the schedule attached hereto, the amount and date of such partial prepayment and shall immediately forward a written confirmation of such prepayment and endorsement to the Trustee.

This bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the principal office of the Trustee, but only in the manner, subject to the conditions, consents and limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this bond. Upon such transfer, a new fully registered bond or fully registered bonds in the same aggregate principal amount and of any authorized denomination or denominations shall be issued to the transferee or transferees in exchange therefor.

The owner of this bond shall have the right to enforce the payment of the principal hereof and the interest hereon at or after the maturity hereof, and the owner of this bond shall have the right to enforce the provisions of the Indenture and to institute action to enforce the covenants therein, and to take any action with respect to any Event of Default under the Indenture, and to institute, appear in or defend any suit or other proceedings with respect thereto, as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with the interest accrued thereon. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

This bond is issued with the intent that the laws of the State of Georgia shall govern its construction.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of the State of Georgia to happen, exist and be performed precedent to and in the issuance of this bond, the execution of the Indenture and the adoption of the aforesaid resolution by the Issuer, have happened, exist and have been performed. The issuance of this bond and the series of which it forms a part, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

This bond shall not be entitled to any benefit under the Indenture nor shall it become valid or obligatory for any purpose until it shall have been authenticated by execution by the Trustee of the certificate hereon endorsed.

IN WITNESS WHEREOF, The Atlanta Development Authority has caused this bond to be executed in its name by the signature of its Chair and its corporate seal to be hereunto affixed and attested by the signature of its Secretary, all as of the \_ day of \_\_\_\_\_, 2009.

**THE ATLANTA  
DEVELOPMENT  
AUTHORITY**

By: \_\_\_\_\_  
Chair

ATTEST

\_\_\_\_\_  
Secretary

(SEAL)

\* \* \* \*  
\*

**TRUSTEE'S AUTHENTICATION  
CERTIFICATE**

Date of authentication: \_\_\_\_\_

The above bond is one of the fully registered bonds described in the above mentioned Indenture of Trust, and is hereby authenticated on its dated date as specified above.

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A.,**  
as Trustee

By: \_\_\_\_\_

\* \* \* \* \*

[FORM OF VALIDATION CERTIFICATE TO APPEAR ON FACE OF BOND]

VALIDATION CERTIFICATE

STATE OF GEORGIA COUNTY

OF FULTON

The undersigned Clerk of the Superior Court of Fulton County, Georgia, HEREBY CERTIFIES that the within bond was confirmed and validated by judgment of the Superior Court of Fulton County, Georgia, rendered on the 18th day of February, 2009, civil action file number 2009-CV-163998, and FURTHER CERTIFIES that:

1) On February 13, 2009, an intervenor (the "Intervenor") appeared and filed a "Memorandum and Notice Regarding Prohibited Transaction" setting forth objections to the bond validation referred to in said record.

2) On February 16, 2009, a validation hearing was held and an order validating the bonds was entered on February 18, 2009.

3) On February 19, 2009, Intervenor filed a Complaint in Intervention and filed the following four motions thereafter: (a) Motion to Vacate and Set Aside Order (February 20, 2009), (b) Amended Motion to Vacate and Set Aside Order (February 23, 2009), (c) Motion To Amend Validation Order and/or For Judgment On The Pleadings (March 9, 2009), and (d) Motion To Amend Validation Order to a Directed Verdict in Favor of Intervenor (March 16, 2009). All motions filed in connection with the intervention have been considered and ruled upon by the Court.

4) On March 20, 2009, Intervenor filed a "Notice of Appeal" and subsequently filed a "Dismissal of Appeal" on April 8, 2009.

5) Except as described herein, no other intervention or objection was raised or filed in connection with the validation of the Bonds referred to in said record and that the validation order has been entered.

WITNESS the manual or a duly authorized reproduced facsimile of my signature and the reproduced facsimile seal of said court.

(SEAL)

---

Clerk, Superior Court, Fulton  
County, Georgia

\* \* \* \* \*



(Form of Assignment and Transfer)

FOR VALUE RECEIVED, \_\_\_\_\_ the undersigned, hereby sells, assigns and transfers unto \_\_\_\_\_ (Tax Identification or Social Security No. \_\_\_\_\_) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guarantee:

\_\_\_\_\_  
(Authorized Officer)

Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

\_\_\_\_\_  
NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Section 304. Authentication and Delivery of Bonds. Immediately following the execution and delivery of this Indenture, the Issuer will deliver a Bond numbered R-1 executed by the Issuer to the Trustee, together with an order signed by the Chair or Vice Chair of the Issuer calling for the authentication and delivery of said Bond, and the Trustee in accordance with such order, shall authenticate and deliver said Bond as in this Indenture provided and not otherwise.

Prior to the authentication and delivery by the Trustee of the aforesaid Bond which it will be initially ordered to authenticate and deliver hereunder, there shall be filed with the Trustee:

1. A copy, duly certified by the Secretary or Assistant Secretary of the Issuer, of the resolution by the Issuer authorizing the issuance of the Bonds and the execution, delivery and performance of this Indenture, the Lease Agreement and the Bond Purchase Agreement.
2. An original executed counterpart of this Indenture, the Lease Agreement, the Bond Purchase Agreement and the Guaranty.
3. Copies of the initial Financing Statements filed by the Company to perfect the security interests created herein.
4. An order to the Trustee on behalf of the Issuer and signed by its Chair or Vice Chair to authenticate and deliver a fully registered bond of a specified denomination to the purchaser named in the Bond Purchase Agreement upon payment to the Trustee, but for the account of the Issuer, of a specified sum of money, or in lieu thereof, the Bond Purchaser shall make a book entry of the purchase of such Bond on its books and notify the Trustee of such entry with a direction to authenticate. The proceeds from the sale of any such Bond shall be deposited in the Project Fund, unless the purchase shall be done by book entry, as hereinafter provided in Article VII.

Prior to the authentication and delivery by the Trustee of any Bond subsequent to the authentication and delivery of the Bond which it shall have been initially ordered to authenticate and deliver hereunder as hereinabove provided, there shall be filed with the Trustee a designation in substantially the form of that which is attached to the Bond Purchase Agreement as Exhibit "A" thereto. Unless the Trustee shall be notified in writing to the contrary by the Chair, Vice Chair, Secretary or Assistant Secretary of the Issuer not less than five business days prior to the Closing Date specified in said designation, the Trustee may conclusively presume that said designation constitutes, and said designation will constitute, an order of the Issuer to authenticate and deliver to the purchaser named in the Bond Purchase Agreement a fully registered Bond of the designated denomination in accordance with the terms of such designation upon the payment to the Trustee, but for the account of the Issuer, of the purchase price of said Bond as specified in the Bond Purchase Agreement. The proceeds from the sale of any such Bond may be made by book entry on the books of the bondholder, so long as the Bond Purchaser is also the Lessee, or alternatively may be deposited in the Project Fund as hereinafter provided in Article VII. Immediately following the authentication and delivery of any such Bond by the Trustee pursuant to a designation described above, the Trustee shall notify the Issuer in writing of the accomplishment of said authentication and delivery.

ARTICLE IV.

RESERVED

ARTICLE V.

GENERAL COVENANTS

Section 501. Payment of Principal and Interest. The Issuer covenants that it will promptly pay the principal of and interest on the Bonds at the place, on the dates and in the manner provided herein and in the Bonds according to the true intent and meaning hereof and thereof. The principal and interest are payable solely from rental payments and other payments received from the Company under the Lease Agreement together with all other rents, revenues and receipts (except for certain Unassigned Rights) arising out of or in connection with the Issuer's ownership of the Project. The Bonds and the interest thereon shall not be deemed to constitute a debt or a general obligation of the State of Georgia or the City of Atlanta or Fulton County, and the Bonds do not directly, indirectly or contingently obligate said State or County to levy or to pledge any form of taxation whatsoever for the payment of the principal of or interest on the Bonds. The principal of and interest on the Bonds are payable solely from the Trust Estate, including amounts held in the Bond Fund and specifically from the Special Account established therein pursuant to Section 602 hereof.

Section 502. Performance of Covenants; Issuer. The Issuer covenants that it will faithfully perform at all times any and all covenants, agreements, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond, and in all proceedings of the Issuer pertaining thereto. The Issuer covenants that it is duly authorized under the laws of the State of Georgia to issue the Bonds and to execute, deliver and perform the obligations contained in this Indenture and to pledge the Lease Agreement and the rental payments and other payments received from the Company under the Lease Agreement together with all other rents, revenues and receipts (except for certain Unassigned Rights) arising out of or in connection with its ownership of the Project in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution, delivery and performance of this Indenture has been duly and effectively taken, and that the Bonds are and will be valid and enforceable limited obligations of the Issuer according to the import thereof.

Section 503. Ownership; Instruments of Further Assurance. The Issuer covenants that it lawfully owns and is lawfully possessed of the Leased Land (subject, however, to Permitted Encumbrances) and that it has good and marketable fee simple title therein and thereto and that it holds and owns the Improvements, that it will defend its title in and to the Leased Land and every part thereof to the Trustee, and its respective successors and assigns, for the benefit of the owners of the Bonds against the claims and demands of all persons whomsoever, subject to the Permitted Encumbrances described in the Lease Agreement including, without limitation, any Superior Security Document. The foregoing covenants are subject to the limitations described in Section 3.4 of the Lease Agreement. The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better giving, granting, pledging, assigning, conveying, transferring, assuring and confirming unto the Trustee all and singular the rents, revenues and receipts pledged hereby to the payment of the principal of and interest on the Bonds. The Issuer covenants that, except for the Quitclaim Deed and Bill of Sale, and except as herein and in the Lease Agreement provided, it will not sell, convey, encumber or otherwise dispose of any part of the Project.

Section 504. Payment of Taxes, Charges, etc. Pursuant to the provisions of Section 6.3 of the Lease Agreement, the Company has agreed to pay all lawful taxes, assessments and charges at any time levied or assessed upon or against the Project, or any part thereof, which might impair or prejudice the lien of this Indenture; provided, however, that nothing contained in this Section 504 shall require the payment of any such taxes, assessments or charges if the same are not required to be paid under the provisions of Section 6.3 of the Lease Agreement.

Section 505. Maintenance and Repair. Pursuant to the provisions of Section 6.1 of the Lease Agreement, the Company has agreed at its own expense to keep the Improvements and all other improvements and property forming a part of the Project in as reasonably safe condition as the operation thereof will permit, subject to its discretion, under the circumstances set forth in the Lease Agreement.

Section 506. Recordation of the Lease Agreement, Financing Statements and Continuation Statements. The Issuer covenants that it will cause the Lease Agreement or a memorandum of lease in lieu thereof, and all Financing Statements and all supplements thereto and hereto to be recorded and filed by the Company and at the expense of the Company in such manner and in such places as may be required by law in order to fully protect and preserve the interest of the owners of the Bonds in the rights, privileges and options of the Trustee hereunder and the Trustee has covenanted in Section 8.9 of the Lease Agreement to cause continuation statements with respect to said Financing Statements to be kept recorded and filed in such manner and in such places as may be required by law in order to fully protect and preserve the interest of the owners of the Bonds as aforesaid.

Section 507. Inspection of Project Books. The Issuer covenants that all books and documents in the Issuer's possession relating to the rents, revenues and receipts derived from the Project shall at all times during normal business hours be open to inspection by such accountants or other agents as the Trustee may, from time to time, designate. The Issuer shall be given at least 48 hours prior written notice of any such inspection and the opportunity to have a representative present during such inspection.

Section 508. Priority of Pledge. The pledge hereby made of the Lease Agreement and the rental payments and other payments received from the Company under the Lease Agreement together with all other rents, revenues and receipts (except for certain Unassigned Rights) arising out of or in connection with the Issuer's ownership of the Project constitutes a first and prior pledge thereof and shall not be impaired directly or indirectly by the Issuer or the Trustee and the payments, rents, revenues and receipts from the Project and the Issuer's interest in the Lease Agreement shall not otherwise be pledged and no persons shall have any rights with respect thereto except as provided herein and in the Lease Agreement. Notwithstanding the foregoing, the parties hereto acknowledge prior pledge by the Company of its rents, leases and profits to holder of Any superior security documents and Leasehold Security Deed, and acknowledge the Company's right to further pledge its rents, leases and profits to the holder of any Superior Security Document or Leasehold Security Deed to the extent permitted hereunder or in Article IX of the Lease Agreement.

Section 509. Rights Under Lease Agreement. The Lease Agreement sets forth the respective obligations of the Issuer and the Company relating to the leasing of the Project, including a provision that subsequent to the initial issuance of the Bonds and prior to Payment in Full thereof, the Lease Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee (other than as provided therein) which consent shall not be unreasonably withheld, conditioned or delayed. Reference is hereby made to the Lease Agreement for a detailed statement of the obligations of the Company thereunder, and the Issuer agrees that the Trustee in its own name or in the name of the Issuer may enforce all rights of the Issuer (except for the Unassigned Rights) and all obligations of the Company under and pursuant to the Lease Agreement for and on behalf of the owners of the Bonds, whether or not the Issuer is in default hereunder.

Section 510. Quitclaim Deed and Bill of Sale. The Trustee agrees that it will hold in escrow the Quitclaim Deed and Bill of Sale, executed by the Issuer, as Grantor, and will deliver the Quitclaim Deed and Bill of Sale to the Company, at the written direction of the Company after there has occurred a Payment in Full of the Bonds.

ARTICLE VI.

REVENUES AND

FUNDS

Section 601. Source of Payment of Bonds. The obligation of the Issuer to pay the principal of and interest on the Bonds is not a general obligation of the Issuer but is a limited obligation payable solely from the Trust Estate, including rental payments and other payments received from the Company under the Lease Agreement together with all other rents, revenues and receipts (except for certain Unassigned Rights) arising out of or in connection with the Issuer's ownership of the Project and as authorized and provided herein.

The Project has been leased under the Lease Agreement and the rental payments provided for in Section 5.3 of the Lease Agreement are to be remitted directly to the Trustee for the account of the Issuer (except for any moneys paid or other payments made directly to the owner of a fully-registered Bond pursuant to the provisions of a Home Office Payment Agreement permitted pursuant to Section 208 hereof) and are to be deposited in the Bond Fund. Said rental payments are sufficient in amount and become due in a timely manner so as to insure the prompt payment of the principal of and interest on the Bonds.

The Company has also executed the Guaranty Agreement wherein the Company has absolutely and unconditionally guaranteed the full and prompt payment of the principal of and interest on the Bonds.

Section 602. Creation of the Bond Fund. There is hereby created by the Issuer and ordered established with the Trustee a trust fund to be designated "The Atlanta Development Authority Revenue Bond Fund - Tivoli Tenside Project, Series 2009," which shall be used to pay the principal of and interest on the Bonds. There shall be established as trust accounts within the Bond Fund a General Account and a Special Account. The Special Account may be established by the Trustee for bookkeeping purposes only and moneys designated as being held in the Special Account may be held in any segregated account designated by the Trustee for such purpose. Any reference in this Indenture to "Bond Fund" without further qualification or explanation shall constitute a reference to said General Account.

Section 603. Payments into the Bond Fund. There shall be paid into the Bond Fund all accrued interest, if any, derived from the sale of the Bonds. In addition, there shall be paid into the Bond Fund, as and when received, (a) all rental payments specified in Section 5.3 of the Lease Agreement (except for any moneys paid or other payments made directly to the owner of a fully registered Bond pursuant to the provisions of a Home Office Payment Agreement permitted pursuant to Section 208 hereof), (b) all moneys required to be so deposited from the Project Fund, as provided in the Lease Agreement, (c) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease Agreement or this Indenture which are required or which are accompanied by directions that such moneys are to be paid into the Bond Fund and (d) any money received from the Company pursuant to the Guaranty Agreement.

The Issuer covenants that so long as any of the Bonds are outstanding it will pay, or cause to be paid, into the Bond Fund from the sources of payment described in Section 601 hereof sufficient moneys to promptly pay the principal of and interest on the Bonds as the same become due and payable. Nothing herein shall be construed as requiring the Issuer to operate the Project or to use any funds from any source to pay the principal of and interest on the Bonds or to pay the costs of maintaining and insuring the Project other than rents, revenues and receipts arising out of or in connection with its ownership of the Project.

Section 604. Use of Moneys in the Bond Fund.

(a) Except as provided in Section 609 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds. No part of the rental payments under the Lease Agreement required to be paid into the Bond Fund (excluding prepayments under Section 9.4 of the Lease Agreement) shall be used to prepay, prior to maturity, a portion of any Bond; provided, that whenever the moneys held in the Bond Fund (in the General Account and in the Special Account) from any source whatsoever are sufficient to prepay all of the Bonds and to pay interest accrued thereon prior to such prepayment, the Issuer agrees to take and cause to be taken the necessary steps to prepay all of the Bonds from the sources herein provided on the next succeeding prepayment date for which the required prepayment notice can be given; and, provided further, that any moneys in the Bond Fund other than rental payments may be used to prepay a portion of the Bonds so long as the Company is not in default with respect to any rental payments under the Lease Agreement.

(b) At the maturity date or prepayment date prior to maturity of each Bond, the Trustee shall transfer from the General Account in the Bond Fund to the Special Account in the Bond Fund sufficient moneys to pay all principal of and interest (if any) then due and payable with respect to each such Bond. Moneys so transferred into said Special Account shall not thereafter be invested in any manner but shall be held by the Trustee without liability on the part of the Trustee or the Issuer for interest thereon until actually paid out for the purposes intended.

The Issuer hereby authorizes and directs the Trustee to withdraw, from time to time, sufficient moneys from the Special Account in the Bond Fund to pay the principal of and interest on the Bonds as the same become due and payable, which authorization and direction the Trustee hereby accepts.

Section 605. Custody of the Bond Fund. The Bond Fund shall be held by the Trustee as a trust fund for the benefit of the owners of the Bonds. The General Account and the Special Account established in the Bond Fund shall also constitute trust accounts.

Section 606. Non-presentment of Bonds at Maturity. If any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or at the prepayment date, provided moneys sufficient to pay such Bond shall have been made available to the Trustee and are held in the Special Account in the Bond Fund for the benefit of the owner thereof, all liability of the Issuer to the owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such moneys in said Special Account, without liability for interest thereon, for the benefit of the owner of such Bond who shall thereafter be restricted exclusively to moneys held in said Special Account, for any claim of whatever nature on his part under this Indenture or on, or with respect to, such Bond.

Section 607. Trustee's Fees, Charges and Expenses. Pursuant to the terms of the Lease Agreement the Company has agreed to pay directly to the Trustee: (i) an amount equal to the annual fee of the Trustee for its Ordinary Services rendered as Trustee, paying agent and Bond Registrar and its Ordinary Expenses incurred under this Indenture, (ii) the reasonable fees, costs and expenses of Trustee's Counsel, as and when the same become due, and (iii) the reasonable fees and charges of the Trustee for Extraordinary Expenses incurred by it under this Indenture, as and when the same become due. As specified in Section 5.3 of the Lease Agreement, the Company shall not be deemed to be in default under the Lease Agreement so long as it is contesting in good faith the necessity for any such Extraordinary Services and Extraordinary Expenses and the reasonableness of any such Extraordinary Services and Extraordinary Expenses.

Section 608. Moneys to be Held in Trust. All moneys paid over to the Trustee for the account of the Bond Fund under any provision of this Indenture shall be held in trust by the Trustee for the benefit of the owners of the Bonds entitled to be paid therefrom.

Section 609. Repayment to the Company from the Bond Fund.

(a) Any moneys remaining in the General Account in the Bond Fund after payment in full of all Bonds (taking into consideration that sufficient moneys or obligations such as are described in Section 1002 hereof have been transferred to and/or deposited in the Special Account in the Bond Fund to pay all principal of and interest then due and payable with respect to each Bond not yet presented for payment and to pay all principal and interest relating to each Bond which is not yet due and payable but with respect to which the lien of this Indenture has been defeased upon compliance with Article X hereof), the fees, charges and expenses of the Trustee, any paying agents and the Bond Registrar which have accrued and which will accrue and all other items required to be paid hereunder (other than items payable from the special account in the Bond Fund) shall be paid to the Company upon the expiration or sooner termination of the term of the Lease Agreement.

(b) Any moneys held by the Trustee in the Special Account in the Bond Fund in trust for the payment of the principal of or interest on any Bond remaining unclaimed for two years after such principal or interest has become due and payable shall be paid to the Company, and the owner of such Bond shall thereafter, as an unsecured general creditor, look only to the Company for the payment thereof and all liability of the Issuer and the Trustee with respect to such trust money shall thereupon cease.

**ARTICLE VII.**

**CUSTODY AND APPLICATION OF PROCEEDS OF  
BONDS**

**Section 701. Project Fund; Disbursements.** There is hereby created by the Issuer and ordered established with the Trustee a trust fund to be designated "The Atlanta Development Authority Revenue Bonds Project Fund - Tivoli Tenside Project, Series 2009." The proceeds derived from the sale of the Bonds and moneys received from the Company pursuant to Section 4.2 of the Lease Agreement shall be paid into the Project Fund, unless the entry is made on the books of the bondholder, on behalf of the Issuer, as provided in Section 304 hereof. Moneys in the Project Fund shall be disbursed in accordance with the provisions of the Lease Agreement, and particularly Section 4.3 thereof.

The Issuer agrees to promptly take all necessary and appropriate action in approving and ordering all such disbursements. The Trustee is hereby authorized and directed to issue its checks for each disbursement required by the aforesaid provisions of the Lease Agreement and the Trustee shall be relieved of all liability with respect to making disbursements in accordance with the provisions of Section 4.3 of the Lease Agreement.

The Trustee shall maintain adequate records pertaining to the Project Fund and all disbursements therefrom, and shall file quarterly statements with respect thereto with the Company and, upon the Issuer's written request, with the Issuer.

**Section 702. Completion of the Project.** The completion of the acquisition of the Project and the payment of all costs and expenses incident thereto shall be evidenced by the filing with the Trustee of the certificate of the Company executed on behalf of the Company by an Authorized Lessee Representative, upon which the Trustee may conclusively rely, which certificate shall state that all costs and expenses in connection with the Project and payable out of the Project Fund have been paid except for costs and expenses not then due and payable with respect to which funds are being retained in the Project Fund with the approval of the Company for the payment of the same. As soon as practicable, and in any event not later than 60 days from the date of the certificate referred to above, any moneys remaining in the Project Fund (other than moneys retained to pay costs and expenses not then due and payable) shall, without further authorization (but subject to the fulfillment of the conditions specified in Section 4.3(e) of the Lease Agreement relating to the transfer of moneys from the Project Fund to the Bond Fund), be deposited by the Trustee into the Bond Fund with written advice to the Issuer and the Company of such action unless the Company shall have arranged for the purchase of Bonds in the open market and shall have directed the Trustee to settle the purchase of such Bonds for the purpose of cancellation in accordance with Section 4.3(e) of the Lease Agreement.

ARTICLE VIII.

INVESTMENTS

Section 801. Project Fund Investments Moneys held in the Project Fund or in any other trust fund or account held by the Trustee hereunder (except the Bond Fund or an account in the Bond Fund) shall be invested and reinvested by the Trustee at the oral direction of the Company, promptly confirmed in writing by the Trustee, in accordance with the treatment prescribed for Project Fund moneys in Section 4.6 of the Lease Agreement. Such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Project Fund or other pertinent trust fund and the interest accruing thereon and any profit resulting therefrom shall be credited to the Project Fund or other pertinent trust fund and any loss resulting therefrom shall be charged to the Project Fund or other pertinent trust fund. The Trustee is directed to sell and convert to cash a sufficient amount of such investments whenever the cash held in the Project Fund is insufficient to pay a requisition when presented or to otherwise make a timely disbursement required to be made therefrom.

Section 802. Bond Fund Investments Moneys held in the Bond Fund (other than moneys held in the special account in the Bond Fund referred to in Section 604(b) hereof) shall be invested and reinvested by the Trustee at the written request and direction of the Authorized Lessee Representative, in accordance with the treatment prescribed for Project Fund moneys in Section 4.6 of the Lease Agreement. Such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Bond Fund and the interest accruing thereon and any profit resulting therefrom shall be credited to the Bond Fund and any loss resulting therefrom shall be charged to the Bond Fund. The Trustee is directed to sell and convert to cash a sufficient amount of such investments in the Bond Fund whenever the cash held in the Bond Fund is insufficient to provide for the payment of the principal of (whether at the maturity date or prepayment date prior to maturity) and interest on the Bonds as the same become due and payable.

Section 803. General Provisions Regarding Investments The Trustee may conclusively rely upon the instructions of the Company or the Authorized Lessee Representative, as applicable, as to both the suitability and legality of the directed investments. If the Company elects to give the Trustee oral investment instructions and the Trustee in its discretion elects to act upon such oral investment instructions, the Trustee's understanding of such oral investment instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such oral investment instructions notwithstanding such oral investment instructions conflict or are inconsistent with a subsequent written investment instruction. Ratings of permitted investments shall be determined at the time of purchase of such permitted investments and without regard to ratings subcategories. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees. In the absence of investment instructions from the Company or the Authorized Lessee Representative, as applicable, the Trustee shall not be responsible or liable for keeping the moneys held by it hereunder fully invested in permitted investments.

Although the Issuer and the Company each recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Issuer and the Company hereby agree that confirmations of permitted investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month.

## ARTICLE IX.

### **POSSESSION, USE AND PARTIAL RELEASE OF PROJECT**

**Section 901. Subordination to Rights of the Company.** So long as the Company is not in default under the Lease Agreement, this Indenture and the rights, options and privileges hereunder of the Trustee and the owners of the Bonds, are specifically made subject and subordinate to the rights, options, obligations and privileges of the Company set forth in the Lease Agreement. So long as not otherwise provided in this Indenture, the Company shall be suffered and permitted to possess, use and enjoy the Project and its appurtenances so as to carry out its rights and obligations under the Lease Agreement.

**Section 902. Release of Certain Leased Land.** Reference is made to the provisions of the Lease Agreement, including, without limitation, Section 8.7 thereof, wherein the Issuer and the Company have reserved the right to withdraw certain portions of the Leased Land (as defined in the Lease Agreement) from the Lease Agreement upon compliance with the terms and conditions of the Lease Agreement and subject to the terms of any Superior Security Document while outstanding. The Trustee shall release from this Indenture all rights to and liens on the revenues and receipts derived from such released land upon compliance with the provisions of the Lease Agreement. The Trustee is hereby authorized and directed to execute and record or cause to be executed and to be properly recorded any and all instruments reasonably requested by the Company to effectuate a conveyance of the portion of the Leased Land so released and to terminate any security interest or other lien with respect thereto.

**Section 903. Granting or Release of Easements.** Reference is made to the provisions of the Lease Agreement, including, without limitation, Section 8.6 thereof, wherein the Company has reserved the right to grant or release easements and take other action upon compliance with the terms and conditions of the Lease Agreement, subject to the terms of any Superior Security Document while outstanding. The Trustee shall confirm in writing any action taken by the Company under said Section 8.6 upon compliance with the provisions of the Lease Agreement.

**Section 904. Subordination of Indenture.** The rights and options granted to Lessee pursuant to the Lease shall be and remain prior and superior to this Indenture and may be exercised whether or not the Lessee is in default thereunder.

**ARTICLE X.**

**DISCHARGE OF LIEN**

**Section 1001. Discharge of Lien.** If the Issuer shall pay or cause to be paid the principal of and interest on the Bonds at the times and in the manner stipulated therein and herein, and if the Issuer shall keep, perform and observe all and singular the covenants and agreements in the Bonds and in this Indenture expressed as to be kept, performed and observed by it or on its part, then the lien of this Indenture, these presents and the Trust Estate shall cease, determine and be void, and thereupon the Trustee shall cancel and discharge this Indenture, and execute and deliver to the Issuer such instruments in writing as shall be required to cancel and discharge this Indenture and reconvey to the Issuer the Trust Estate, and assign and deliver to the Issuer so much of the Trust Estate as may be in its possession or subject to its control, except for moneys and Government Obligations held in the Bond Fund for the purpose of paying Bonds which have not yet been presented for payment and moneys and obligations in the Bond Fund required to be paid to the Company pursuant to Section 609 hereof. At the written direction of the Company and upon Payment in Full of the Bonds, the Trustee shall deliver the Quitclaim Deed and Bill of Sale to the Company pursuant to Section 11.4 of the Lease Agreement.

**Section 1002. Provision for Payment of Bonds.** Bonds shall be deemed to have been paid within the meaning of Section 1001 hereof if:

(a) there shall have been irrevocably deposited in the Bond Fund either

(i) sufficient moneys; or

(ii) Government Obligations of such maturities and interest payment dates and bearing such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon (said earnings to be held in trust also), be sufficient, together with any moneys referred to in subsection (i) above, for the payment at their respective maturities or prepayment dates prior to maturity, of the principal thereof, together with the interest accrued and to accrue to such maturity or prepayment dates, as the case may be; or

(iii) if the Company or an affiliate of the Company is the owner of 100% of the Outstanding Bonds, all such Outstanding Bonds, together with any moneys or obligations referred to in subsections (i) and (ii) above or if the Company or an affiliate of the Company is the owner of 100% of the Outstanding Bonds, there shall have been irrevocably tendered to the Trustee for cancellation, all Outstanding Bonds.

(b) there shall have been paid to the Trustee all Trustee's fees and expenses (including its fees and expenses in connection with its duties as paying agent and bond registrar) due or to become due in connection with the payment or prepayment of the Bonds; and

(c) if any Bonds are to be prepaid on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to the Trustee irrevocable instructions to prepay such Bonds on such date and either evidence satisfactory to the Trustee that all prepayment notices required by this Indenture have been given or irrevocable power authorizing the Trustee to give such prepayment notices.

**Section 1003. Discharge of the Indenture.** Notwithstanding the fact that the lien of this Indenture upon the Trust Estate may have been discharged and canceled in accordance with Section 1001 hereof, this Indenture and the rights granted and duties imposed hereby, to the extent not inconsistent with the fact that the lien upon the Trust Estate may have been discharged and canceled, shall nevertheless continue and subsist until the principal of and interest on all of the Bonds shall have been fully paid or the Trustee shall have returned to the Company pursuant to this Indenture all funds theretofore held by the Trustee for payment of any Bonds not theretofore presented for payment.

ARTICLE XI.

DEFAULT PROVISIONS AND REMEDIES  
OF TRUSTEE AND BONDHOLDERS

Section 1101. Defaults; Events of Default. If any of the following events occurs, subject to the terms of Section 1112 hereof, it is hereby defined as and declared to be and to constitute an “event of default” under this Indenture:

- (a) default in the due and punctual payment of any interest on any Bond; or
- (b) default in the due and punctual payment of the principal of any Bond, whether at the maturity thereof or any prepayment date prior to maturity, or upon maturity thereof by declaration; or
- (c) default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer in this Indenture or in the Bonds contained; or
- (d) the occurrence of an “Event of Default” under the Lease Agreement as provided in Section 10.1 thereof; or
- (e) the Company shall have effected a transaction in violation of Section 8.3 of the Lease Agreement.

Section 1102. Acceleration. Upon the occurrence of an event of default, and subject to the waiver provisions of Section 1111 hereof, the owners of not less than 25% in principal amount of Bonds outstanding may, by notice in writing, instruct the Trustee, to declare the principal of all Bonds and the interest accrued thereon to the date of such acceleration immediately due and payable, by notice in writing delivered to the Issuer, and the same shall thereupon become and be immediately due and payable. Upon any declaration of acceleration hereunder, the Trustee shall immediately declare all rental payments due under the Lease Agreement to be immediately due and payable in accordance with Section 10.2 of the Lease Agreement.

Section 1103. Other Remedies. Upon the occurrence of an event of default, and subject to the waiver provisions of Section 1111 hereof, the Trustee, subject to the prior written consent of the Bondholders, shall have the power to proceed with any right or remedy granted by the Constitution and laws of the State of Georgia, as it may deem best, including any suit, action or special proceeding in equity or at law for the specific performance of any covenant or agreement contained herein or for the enforcement of any proper, legal or equitable remedy as the Trustee shall deem most effectual to protect the rights aforesaid, insofar as such may be authorized by law, and the right to the appointment, as a matter of right and without regard to the sufficiency of the security afforded by the Trust Estate, of a receiver for all or any part of the Trust Estate and the rents, revenues and receipts thereof; the rights herein specified are to be cumulative to all other available rights, remedies or powers and shall not exclude any such rights, remedies or powers. Without intending to limit the foregoing rights, remedies and powers by virtue of such specification, the Trustee is authorized to further assign the Issuer’s right, title and interest in the Lease Agreement to a successor trustee in the manner set forth in this Indenture. When the Trustee incurs costs and expenses or renders services after the occurrence of an event of default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debt relief law.

**Section 1104. Rights of Owners of the Bonds.** Upon the occurrence of an event of default and if requested so to do by the owners of a majority in principal amount of Bonds outstanding and indemnified as provided in Section 1201(m) hereof, the Trustee shall be obliged to exercise such one or more of the rights and remedies conferred by this Article as the owners of the Bonds shall have instructed the Trustee, subject, however to the provisions of Section 1215 hereof.

No right or remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the owners of the Bonds) is intended to be exclusive of any other right or remedy, but each and every such right and remedy shall be cumulative and shall be in addition to any other right or remedy given to the Trustee or to the owners of the Bonds or now or hereafter existing at law, in equity or by statute.

No delay or omission to exercise any right or remedy accruing upon any event of default shall impair any such right or remedy or shall be construed to be a waiver of any such event of default or acquiescence therein; and every such right and remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any event of default hereunder, whether by the Trustee or by the owners of the Bonds, shall extend to or shall affect any subsequent event of default or shall impair any rights or remedies consequent thereon.

**Section 1105. Right of Owners of the Bonds to Direct Proceedings.** Anything in this Indenture to the contrary notwithstanding, the owners of a majority in principal amount of Bonds outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

**Section 1106. Appointment of Receivers.** Upon the occurrence of an event of default and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights and remedies of the Trustee and of the owners of the Bonds under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Project and of the rents, revenues and receipts thereof and therefrom, pending such proceedings, with such powers as the court making such appointment shall confer.

**Section 1107. Application of Moneys.** All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the reasonable costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses (including, without limitation, counsel fees, costs and expenses), liabilities and advances of, incurred or made by the Trustee, be deposited in the Bond Fund and all moneys in the Bond Fund shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

first - To the payment to the persons entitled thereto of all installments of interest then due on the Bonds (other than installments of interest on Bonds with respect to the payment of which moneys and/or Government Obligations are set aside in the special account in the Bond Fund), in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

second - To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than principal of Bonds with respect to the payment of which moneys and/or Government Obligations are set aside in the special account in the Bond Fund), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds (other than principal of and interest on Bonds with respect to the payment of which moneys and/or Government Obligations are set aside in the Special Account in the Bond Fund), without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the owner of any Bonds until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if paid in full.

Whenever all Bonds and interest thereon have been paid under the provisions of this Section 1107 and all expenses and charges of the Trustee have been paid, any balance remaining in the Bond Fund shall be paid to the Company as provided in Section 609 hereof.

Section 1108. Rights and Remedies Vested in Trustee. Subject to the provisions of Section 1104, all rights and remedies of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any owners of the Bonds, and any recovery of judgment shall be for the equal benefit of the owners of the Bonds.

Section 1109. Rights and Remedies of Owners of the Bonds. No owner of any Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture, for the execution of any trust thereof or for the appointment of a receiver or to enforce any other right or remedy hereunder, unless a default has occurred of which the Trustee has been notified in writing as provided in subsection (h) of Section 1201 hereof, or of which by said subsection it is deemed to have notice, nor unless also such default shall have become an event of default and the owners of 25% in principal amount of Bonds outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless also such owners have offered to the Trustee indemnity as provided in Section 1201(m) hereof, nor unless also the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its, his or their own name or names. Such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other right or remedy hereunder; it being understood and intended that no one or more owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its, his, her or their action or to enforce any right or remedy hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the owners of all Bonds. Nothing in this Indenture contained shall, however, affect or impair the right of any owner of the Bonds to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest on each of the Bonds issued hereunder to the respective owners hereof at the time, place, from the source and in the manner expressed in the Bonds.

Section 1110. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right or remedy under this Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and the Trustee shall be restored to their former positions and rights hereunder with respect to the Trust Estate, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 1111. Waivers of Events of Default. The Trustee (a) may waive any event of default hereunder and its consequences and rescind any declaration of maturity of principal and its consequences, if such event of default has been cured and there is no longer continuing any default hereunder, and (b) shall waive any event of default hereunder and its consequences and rescind any declaration of maturity of principal, upon the written request of the owners of a majority in principal amount of the Bonds outstanding; provided, however, that there shall not be waived (i) any event of default pertaining to the payment of the principal of any Bond at its maturity date or any prepayment date prior to maturity, or (ii) any event of default pertaining to the payment when due of the interest on any Bond, unless prior to such waiver or rescission, all arrears of principal (due otherwise than by declaration) and interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of principal and interest and all arrears of payments of principal when due, as the case may be, and all fees, costs and expenses of the Trustee in connection with such event of default (including reasonable attorneys' fees, costs and expenses), shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such event of default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee and the owners of the Bonds shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other event of default, or impair any right consequent thereon.

Section 1112. Notice of Defaults; Opportunity of the Issuer and Company to Cure Defaults. No default specified in Section 1101(c) hereof shall constitute an event of default hereunder until notice of such default by registered or certified mail shall be given by the Trustee to the Issuer and the Company, and the Issuer shall have had 30 days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, further, that if a default specified in said Section 1101(c) be such that it can be corrected but not within the period specified herein, it shall not constitute the basis of an event of default hereunder (i) if corrective action capable of remedying such default is instituted by the Issuer within the applicable period and diligently pursued until the default is corrected, and (ii) if the Issuer shall within the applicable period furnish to the Trustee a certificate executed as provided in Section 1201(f) hereof certifying that said default is such that it can be corrected but not within the applicable period and that corrective action capable of remedying such default has been instituted and is being diligently pursued and will be diligently pursued until the default is corrected. The Issuer shall notify the Trustee by certificate executed as above when such default has been corrected. The Trustee shall be entitled to conclusively rely upon any such certificate given pursuant to this Section.

With regard to any default concerning which notice is given to the Company or the Issuer under the provisions of this Section 1112, the Issuer hereby grants to the Company full authority to perform any obligation the performance of which by the Issuer is alleged in said notice to be in default, such performance by the Company to be in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts and with power of substitution.

## ARTICLE XII.

### THE TRUSTEE

Section 1201. Acceptance of the Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform its duties hereunder as would an ordinarily prudent trustee, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an event of default and after the curing of all events of default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. In case an event of default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees and shall not be liable for the conduct of the same if such attorneys, agents, receivers or employees are selected with reasonable care, and shall be entitled to advice of Counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Issuer or the Company), approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(c) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the authentication certificate of the Trustee endorsed on the Bonds), or for the recording or re-recording, filing or re-filing of this Indenture, or the Lease Agreement, or for insuring the Trust Estate or any part of the Project or collecting any insurance moneys, or for the validity of the execution by the Issuer of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds, or for the value of or title in and to the Trust Estate or any part of the Project or otherwise as to the maintenance of the security hereof; except that if the Trustee enters into possession of a part or all of the Trust Estate pursuant to any provision of this Indenture it shall use due diligence in preserving the same, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, agreements or conditions on the part of the Issuer or on the part of the Company under the Lease Agreement, except as hereinafter set forth; but the Trustee may require of the Issuer or the Company full information and advice as to the performance of the covenants, agreements and conditions aforesaid and as to the condition of the Trust Estate. The Trustee shall not be liable for any loss suffered in connection with any investment of funds made by it in accordance with Sections 801 and 802 hereof.

(d) The Trustee may become the owner of Bonds with the same rights which it would have if it were not Trustee.

(e) The Trustee may conclusively rely upon and shall be fully protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or documents believed to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee, pursuant to this Indenture upon the request, authority or consent of any Person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to conclusively rely upon a certificate signed on behalf of the Issuer by the Chair or Vice Chair of the Issuer and attested by the Secretary or Assistant Secretary of the Issuer as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Secretary or Assistant Secretary of the Issuer under its seal to the effect that a resolution in the form therein set forth has been adopted by the Issuer as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(g) The right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its gross negligence or willful misconduct.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder or under the Lease Agreement except, to the extent hereinafter provided, failure by the Issuer to cause to be made any of the payments to the Trustee required to be made by Article V hereof and failure by the Company to make the rental payments required to be made under Section 5.3 of the Lease, unless the Trustee shall be specifically notified in writing of such default by the Issuer or by the owners of at least 25% in principal amount of the Bonds. The Trustee shall not be deemed to have notice of any of the defaults described in the preceding sentence during any period or with respect to any Bond in respect of which a home office payment agreement is in effect, unless specifically notified in writing of such default by the Purchaser, the Issuer or the Company. All notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Principal Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

(i) The Trustee shall not be personally liable for any debts contracted or for damages to persons or property, or for salaries or non-fulfillment of contracts during any period in which it may be in the possession of or managing the Project as in this Indenture provided.

(j) At reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives who are acceptable to the Company, and accompanied by an official of the Company, shall have the right to inspect the Project as well as all books, papers and records of the Issuer pertaining to the Project and the Bonds, and to take copies of such memoranda from and in regard thereto only as required from the books, papers and records of the Issuer.

(k) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions of Counsel, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee relevant to and deemed desirable in connection with the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(m) Before taking any action hereunder the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or to hazardous substances, except liability which is adjudicated to have resulted from the gross negligence or willful misconduct of the Trustee by reason of any action so taken. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur liability, financial or otherwise, in the performance of any of its duties or the exercise of any of its rights or powers hereunder.

(n) All moneys received by the Trustee or any paying agent for the Bonds shall, until used or applied or invested as herein provided, be held in trust for the purpose for which they were received but need not be segregated from other funds except to the extent required herein or by law. Neither the Trustee nor any such paying agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(o) The Trustee shall not be accountable for the use or application by the obligor of any of the Bonds or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with the provisions of this Indenture or for the use and application of money received by any paying agent.

(p) Notwithstanding the effective date of this Indenture or anything to the contrary in this Indenture, the Trustee shall have no liability or responsibility for any act or event relating to this Indenture which occurs prior to the date the Trustee formally executes this Indenture and commences acting as Trustee hereunder.

(q) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(r) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Issuer and the Company, respectively, shall provide to the Trustee an incumbency certificate listing designated persons with the authority to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Issuer or the Company elect to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer and the Company each agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(s) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligation under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or tropical storms; wars; terrorism; similar military disturbances; sabotage; epidemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

Section 1202. Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment and/or reimbursement for reasonable fees for its Ordinary Services rendered hereunder and all advances, Counsel fees, costs and expenses and other Ordinary Expenses reasonably and necessarily made or incurred by the Trustee in connection with such Ordinary Services and, if it should become necessary that the Trustee perform Extraordinary Services, it shall be entitled to reasonable extra compensation therefor, and to reimbursement for reasonable and necessary Extraordinary Expenses in connection therewith; provided, that if such Extraordinary Services or Extraordinary Expenses are occasioned by its gross negligence or willful misconduct, it shall not be entitled to compensation or reimbursement therefor. Upon the occurrence of an event of default, but only upon such occurrence, the Trustee shall have a first lien on the Trust Estate with right of payment prior to payment of the principal of and interest on any Bond for the foregoing advances, fees, costs and expenses incurred.

Section 1203. Notice to Owners of Bonds If Default Occurs. If a default occurs of which the Trustee is by subsection (h) of Section 1201 hereof required to take notice then the Trustee shall give written notice thereof by first class mail to the registered owners of Bonds, and, as to defaults described in Section 1101(c) hereof, to the Issuer.

Section 1204. Intervention by Trustee. In any judicial proceeding to which the Issuer is a party which, in the opinion of the Trustee and its Counsel, has a substantial bearing on the interest of the owners of the Bonds outstanding, the Trustee may intervene on behalf of the owners of the Bonds and shall do so if requested in writing by the owners of at least 25% in principal amount of the Bonds and is properly indemnified to its satisfaction. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

Section 1205. Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, merger, consolidation, sale or transfer to which it is a party, ipso facto, shall be and become successor Trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 1206. Resignation by the Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving 30 days' written notice to the Issuer and the Company and by first class mail to each registered owner of Bonds, and such resignation shall take effect at the end of such 30-day period, or upon the earlier appointment of a successor Trustee by the owners of the Bonds or by the Issuer. Such notice to the Issuer and the Company may be served personally or sent by registered or certified mail. The Trustee's right to fees and indemnity survives the resignation of the Trustee.

Section 1207. Removal of the Trustee. The Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee and to the Issuer, and signed by the owners of a majority in principal amount of the Bonds. The Trustee's right to fees and indemnity survives the removal of the Trustee.

Section 1208. Appointment of Successor Trustee by the Owners of the Bonds; Temporary Trustee. If the Trustee hereunder shall resign, be removed, be dissolved, be in course of dissolution or liquidation, or shall otherwise become incapable of acting hereunder or in case it shall be taken under the control of any public officer, officers or a receiver appointed by a court, a successor may be appointed by the owners of a majority in principal amount of the Bonds, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of such vacancy the Issuer by an instrument signed by the Chair of the Issuer and attested by the Secretary or Assistant Secretary of the Issuer under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the owners of the Bonds in the manner above provided; and any such temporary Trustee shall immediately and without further act be superseded by the Trustee so appointed by such owners of the Bonds. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank (having trust powers) in good standing, within or outside the State of Georgia, having an unimpaired capital and surplus of not less than fifty million dollars (\$50,000,000), if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Section 1209. Concerning Any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Issuer, or of its successor, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee in order to more fully and certainly vest in such successor the estates, properties, rights, powers and trusts hereby vested or intended to be vested in the predecessor any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed and/or recorded by the successor Trustee in each recording office where the Indenture and Lease Agreement shall have been filed and/or recorded.

Section 1210. Right of Trustee to Pay Taxes and Other Charges. If any tax, assessment or governmental or other charge upon any part of the Trust Estate or the Project is not paid as required herein, the Trustee may pay such tax, assessment or charge, without prejudice, however, to any rights of the Trustee or the owners of the Bonds hereunder arising in consequence of such failure; and any amount at any time so paid under this Section, with interest thereon from the date of payment at the rate per annum borne by the Bonds, shall become so much additional indebtedness secured by this Indenture, and the same shall be given a preference in payment over the principal of and interest on the Bonds and shall be paid out of the revenues and receipts from the Trust Estate, if not otherwise caused to be paid; but the Trustee shall not be under obligation to and shall not make any such payment unless it shall have been requested to do so in writing by the owners of a majority in principal amount of the Bonds and shall have been provided with sufficient moneys for the purpose of making such payment.

Section 1211. Trustee Protected in Relying Upon Resolutions, etc. The resolutions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the release of property and the withdrawal of moneys hereunder.

Section 1212. Successor Trustee as Custodian of Funds, Paying Agent and Bond Registrar. In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or has been removed shall cease to be the owner of the Project Fund and Bond Fund, paying agent for the principal of and interest on the Bonds and Bond Registrar, and the successor Trustee shall become such owner, paying agent and Bond Registrar.

Section 1213. Trust Estate May Be Vested in Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State of Georgia) denying or restricting the right of banking corporations or associations to transact business as a trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, and in particular in case of the enforcement of either the Indenture or the Lease Agreement upon the occurrence of an event of default, it may be necessary that there be appointed an additional individual or institution as a separate Trustee or Co-Trustee. The following provisions of this Section 1213 are adapted to these ends.

In the event of the incapacity or lack of authority of the Trustee, by reason of any present or future law of any jurisdiction, to exercise any of the rights, powers and trusts herein granted to the Trustee or to hold title to the Trust Estate or to take any other action which may be necessary or desirable in connection therewith, the Issuer with the consent of the Company may appoint, and at the request of the Trustee shall appoint, a separate Trustee or Co-Trustee and each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate Trustee or Co-Trustee but only to the extent necessary to enable the separate Trustee or Co-Trustee to exercise such rights, powers and trusts, and every covenant and obligation necessary to the exercise thereof by such separate Trustee or Co-Trustee shall run to and be enforceable by either of them.

Should any deed, conveyance or instrument in writing from the Issuer be required by the separate Trustee or Co-Trustee so appointed in order to more fully and certainly vest in and confirm to him or it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments shall, on request, be executed, acknowledged and delivered by the Issuer. In case any separate Trustee or Co-Trustee or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate Trustee or Co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate Trustee or Co-Trustee.

Section 1214. Continuation Statements. Notwithstanding anything to the contrary contained herein, the Trustee shall not be responsible for any initial filings of any Financing Statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests, or the accuracy or sufficiency of any description of collateral in such initial filings or for filing any modifications or amendments to the initial filings required by any amendments to Article 9 of the Uniform Commercial Code. In addition, unless the Trustee shall have been notified in writing by the Issuer or the Company that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in (i) relying on such initial filing and descriptions in filing any continuation statements or modifications thereto pursuant to this Section and (ii) filing any continuation statements in the same filing offices as the initial filings were made. The Trustee shall cause to be filed a continuation statement with respect to each Uniform Commercial Code financing statement relating to the Bonds which was filed at the time of the issuance thereof, in such manner and in such places as the initial filings were made, provided that a copy of the filed original financing statement is timely delivered to the Trustee. The Company shall be responsible for the reasonable costs incurred by the Trustee in the preparation and filing of all continuation statements hereunder.

**Section 1215. Special Trustee Powers Due to Environmental Conditions**. Prior to exercising any remedy against the Project which requires the Trustee to re-enter and take possession of the Project, to sub-lease the Project, to terminate the Lease Term and use its best efforts to lease the Project to another lessee, or to exercise any remedies under the U.C.C. of the State or any similar remedy, the Trustee may cause an environmental assessment of the Project to be made and to take such action, based upon advice by its counsel, to safeguard the Trustee from liability and to protect the Trust Estate from liability or impairment of value.

ARTICLE XIII.

SUPPLEMENTAL INDENTURES

Section 1301. Supplemental Indentures Not Requiring Consent of Owners of the Bonds. The Issuer and the Trustee may without the consent of, or notice to, any of the owners of the Bonds, but with consent of the Mortgagee or any Leasehold Mortgagee (procured as provided in Section 1302 hereof), enter into an indenture or indentures supplemental to this Indenture as shall not be inconsistent with the terms and provision hereof for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Indenture;
- (b) to grant to or confer upon the Trustee for the benefit of the owners of the Bonds any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the owners of the Bonds or the Trustee or either of them;
- (c) to subject to the lien and pledge of this Indenture additional rents, revenues or receipts, properties or collateral held or received by the Issuer; or
- (d) in connection with any other changes in this Indenture which are not to the prejudice of the interests of any registered owner of the Bonds, or in the judgment of the Trustee, is not to the prejudice of the interests of the Trustee.

Section 1302. Supplemental Indentures Requiring Consent of Owners of the Bonds. Exclusive of supplemental indentures covered by Section 1301 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the owners of not less than 66 2/3% in principal amount of the Bonds outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding with the consent of the holder of a Superior Security Document in its sole discretion while the Superior Security Document or any Leasehold Security Deed is outstanding, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Section contained shall permit, or be construed as permitting (a) an extension of the maturity date (or mandatory sinking fund redemption) on which the principal of or the interest on any Bond is, or is to become, due and payable, (b) a reduction in the principal amount of any Bond or the rate of interest thereon, (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the principal amount of the Bonds required for consent to such supplemental indenture.

If the Issuer shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be given to the owners of the Bonds and to the holder of a Superior Security Document or any Leasehold Mortgagee while any Superior Security Document or any Leasehold Security Deed is outstanding. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by all owners of the Bonds. If, within 60 days or such longer period as shall be prescribed by the Issuer following the giving such notice, the owners of not less than 66 2/3% in principal amount of the Bonds outstanding shall have consented to and approved the execution of such supplemental indenture as herein provided together with any required consent of the Mortgagee, no owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be modified and amended in accordance therewith.

Anything herein to the contrary notwithstanding, a supplemental indenture under this Article XIII which affects any right or obligation of the Company under the Lease Agreement shall not become effective unless and until the Company shall have consented in writing to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture together with a copy of the proposed supplemental indenture to be mailed by certified or registered mail or overnight delivery to the Company at least 60 days prior to the proposed date of execution and delivery of any such supplemental indenture.

The Trustee may require an opinion of Counsel stating that any proposed supplemental indenture under either Section 1301 or 1302 conforms to the requirements of and is permitted by the Indenture.

The Trustee shall have no obligation to execute any supplemental indenture which affects its own rights, duties, obligations or compensation.

ARTICLE XIV.

AMENDMENT OF LEASE AGREEMENT

Section 1401. Amendments, etc., to Lease Agreement Not Requiring Consent of Owners of the Bonds. The Trustee shall without the consent of, or notice to, the owners of the Bonds consent to any amendment, change or modification of the Lease Agreement as may be required (i) by the provisions of the Lease Agreement or this Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission in the Lease Agreement, (iii) in connection with additional real property which pursuant to the Lease Agreement is to become part of the Leased Land, (iv) in connection with the machinery, fixtures, equipment and related property described in Exhibit "B" to the Lease Agreement, if any, so as to more precisely identify the same or substitute additional machinery, fixtures, equipment and related property acquired with the proceeds of the Bonds in accordance with the provisions of Sections 4.1 and 4.2 of the Lease Agreement, or (v) in connection with any other change therein which, in the judgment of the Trustee, does not prejudice the interests of the Trustee or the owners of the Bonds. The Trustee may require an opinion of counsel stating that any proposed amendment to the Lease under this Section 1401 or Section 1402 conforms to the requirements of and is permitted by this Indenture; provided, however, that the consent of the Mortgagee or any Leasehold Mortgagee in its sole discretion is required at any time any Superior Security Document or any Leasehold Security Deed is outstanding.

Section 1402. Amendments, etc., to Lease Agreement Requiring Consent of Owners of the Bonds and the Leasehold Mortgagee. Except for the amendments, changes or modifications as provided in Section 1401 hereof, neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of the Lease Agreement without the delivery of notice and the written approval or consent of the owners of not less than two-thirds (2/3) in principal amount of the Bonds outstanding given and procured as provided in Section 1302 hereof and the consent of the Mortgagee or any Leasehold Mortgagee, in its sole discretion, at any time any Superior Security Document or any Leasehold Security Deed is outstanding. If at any time the Issuer and the Company shall request the consent of the Trustee (and the Mortgagee or any Leasehold Mortgagee to the extent required herein) to any such proposed amendment, change or modification of the Lease Agreement, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided by Section 1302 hereof with respect to proposed supplemental indentures; provided, however, that the Trustee shall have no obligation to consent to the execution of any amendment, change or modification of the Lease Agreement which affects its own rights, duties, obligations or compensation. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Principal Office of the Trustee for inspection by owners of the Bonds.

ARTICLE XV.

MISCELLANEOUS

Section 1501.. Consents, etc. of Owners of the Bonds.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by the owners of the Bonds may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such owners in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Issuer and the Company, together with the prior written consent of Mortgagee to the extent required herein. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee, the Company and the Issuer, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or a member of a partnership, on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority.

(c) The fact and date of execution of any such instrument or writing may also be proved in any other manner which the Trustee deems sufficient; and the Trustee may in any instance require further proof with respect to any of the matters referred to in this Section.

(d) The ownership of Bonds shall be proved by the registration books kept by the Trustee as Bond Registrar.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other action by any owner of the Bonds shall bind every future owner of the same Bond in respect of anything done or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Bond.

Section 1502. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Company and the owners of the Bonds, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, agreements, conditions and provisions herein contained; this Indenture and all of the covenants, agreements, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, the Company and the owners of the Bonds as herein provided. No breach of any provisions of this Indenture will result in pecuniary liability to the Issuer or any of its officers, members, agents, directors or employees.



- (b) If to the Company: Ten Side Holdings, LLC  
c/o Tivoli Properties, Inc.  
One Overton Park, Suite 1150  
3625 Cumberland Boulevard, S.E.  
Atlanta, Georgia 30339-6410  
Attention: Mr. Scott L.  
Leventhal Facsimile: 770-272-7460
- with a copy to: Seyfarth Shaw LLP  
1545 Peachtree Street, NE  
Suite 700  
Atlanta, Georgia 30309  
Attention: Daniel M. McRae, Esq.  
Facsimile: 404-892-7056
- (c) If to the Trustee: The Bank of New York Mellon  
Trust Company, N.A.  
900 Ashwood Parkway, Suite 425  
Atlanta, Georgia 30338  
Attention: Corporate Trust Department  
Facsimile: 770-698-5195
- (d) If to the Mortgagee: KeyBank National  
Association 127 Public Square  
Cleveland, Ohio 44114  
Attention: Commercial Real Estate Department

A duplicate copy of each notice, certificate or other communication given hereunder by either the Issuer, the Company or the Trustee shall be given to each of the others and to the Mortgagee and any Leasehold Mortgagee if any Superior Security Document and any Leasehold Security Deed are outstanding. The Issuer, the Company and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

**Section 1505. Trustee as Paying Agent and Bond Registrar.** The Trustee is hereby designated and agrees to act as paying agent and Bond Registrar for and in respect of the Bonds.

**Section 1506. Payments Due on Saturdays, Sundays and Holidays.** In any case where the date of maturity of principal of or interest on the Bonds or the date fixed for prepayment of any Bonds shall be, in the city of payment, a Saturday, Sunday or a legal holiday or a day on which banking institutions are authorized by law to close, then payment of principal For interest need not be made on such date in such city but may be made on the next succeeding business day not a Saturday, Sunday, legal holiday or day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for prepayment, and no interest shall accrue for the period after such date.

**Section 1507. Counterparts.** This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 1508. Law Governing Indenture.** The effect and meaning of this Indenture and the rights of all parties hereunder shall be governed by, and construed according to, the laws of the State of Georgia without regard to conflict of law principles.

(CORPORATE SEAL)

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Trustee**

By: /s/ Kelly O'Connor

Name: Kelly O'Connor

Title: Senior Associate

(Signature Page to Indenture of Trust)

IN WITNESS WHEREOF, the Issuer has caused these presents to be signed in its name and behalf by its Chair and its corporate seal to be hereunto affixed and attested by its Secretary, and to evidence its acceptance of the trusts hereby created the Trustee has caused these presents to be signed in its name and behalf and its official seal to be hereunto affixed and attested by its duly authorized officers, all as of the date first above written.

(CORPORATE SEAL)

**THE ATLANTA DEVELOPMENT  
AUTHORITY**

Attest:

By: /s/ Shirley Franklin  
Chair

/s/ Veronica C. Jones  
Secretary

[Signature Page of Indenture of Trust]

**LEASE AGREEMENT**

**between**

**THE ATLANTA DEVELOPMENT AUTHORITY**

**and**

**TEN SIDE HOLDINGS, LLC**

**Dated as of December 1, 2009**

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This Lease Agreement and all right, title and interest of The Atlanta Development Authority in any rents, revenues and receipts derived under this Lease Agreement have been assigned to The Bank of New York Mellon Trust Company, N.A., as trustee under the Indenture of Trust, dated as of December 1, 2009, with The Atlanta Development Authority which secures not to exceed \$70,000,000 in aggregate principal amount of The Atlanta Development Authority Taxable Lease Purchase Revenue Bonds (Tivoli Tenside Project), Series 2009.

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LEASE AGREEMENT

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LEASE AGREEMENT

THIS LEASE AGREEMENT, dated as of December 1, 2009, by and between THE ATLANTA DEVELOPMENT AUTHORITY (the "Issuer"), a public body corporate and politic of the State of Georgia, as lessor, and TEN SIDE HOLDINGS, LLC (the "Lessee"), a limited liability company organized and existing under the laws of the State of Georgia, as lessee.

WITNESSETH :

WHEREAS, on September 26, 2006 Lessee acquired a fee simple interest in certain property more particularly described in "Exhibit A" attached hereto and by this reference made a part hereon (the "Leased Land"); and

WHEREAS, the Issuer has acquired on \_\_\_\_\_ date herewith (i) the Land from Ten Side Holdings, LLC and (ii) all improvements located on the Land (the "Improvements") in connection with the Issuer's issuance of certain taxable revenue bonds in the amount of up to \$70,000,000 to finance the development of 336 multifamily housing units and approximately 38,600 square feet of street level retail space on the Land,

NOW THEREFORE, in consideration of the premises and the respective representations and agreements hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Issuer and the Lessee agree as follows (provided, that in the performance of the agreements of the Issuer herein contained, any obligation it may thereby incur for the payment of money shall not be a general debt on its part but shall be payable solely out of the rents, revenues and receipts derived from this Lease, the sale of the Bonds, insurance and condemnation awards as herein described and any other rents, revenues and receipts arising out of or in connection with its ownership of the Project as hereinafter defined (except for any unassigned rights);

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ARTICLE I  
DEFINITIONS

Section 1.1 Definitions. In addition to the words and terms elsewhere defined in this Lease, the following words and terms as used in this Lease shall have the following meanings unless the context or use clearly indicates another or different meaning or intent. Terms which are not defined in this Lease shall have the meaning specified in Article I of the Indenture except as herein otherwise expressly provided or unless the context requires otherwise.

“Act” means an act of the General Assembly of the State of Georgia known as the “Development Authorities Law” (O.C.G.A. Section 36-62-1, *et seq.*), as amended.

“Assessors” means the Fulton County Board of Assessors.

“Authorized Issuer Representative” means the Chair, Vice Chair or Secretary of the Issuer or any other person or persons at the time designated to act on behalf of the Issuer by certificate furnished to the Lessee and the Trustee containing the specimen signature of each such person and signed by the Chair or Vice Chair of the Issuer. Any such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized Issuer Representative. Any such certificate shall be effective until revoked in writing.

“Authorized Lessee Representative” means the person or persons at the time designated to act on behalf of the Lessee by written certificate furnished to the Issuer and the Trustee containing the specimen signature of each such persons and signed on behalf of the Lessee. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized Lessee Representative. Any such certificate shall be effective until revoked in writing.

“Bond” or “Bonds” means any or all of the Bonds issued by the Issuer pursuant to the Indenture.

“Bond Fund” means the Bond principal and interest payment fund created by Section 602 of the Indenture and within which has been established a General Account and a Special Account. Any reference herein to the “Bond Fund” without further limitation or explanation shall be deemed to be a reference to the General Account in the Bond Fund.

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated as of December 1, 2009, among the Issuer, the Lessee in its capacity as Lessee under this Lease, and the Lessee, as purchaser of the Bonds.

“Bondholder” or “holder of the Bonds” means the registered owner of a Bond or, if a Bond has been pledged and registered in the name of a pledgee, the registered pledgee of that Bond.

“Commission” means the United States Securities and Exchange Commission.

The term “**corporation**” shall include corporations, partnerships, limited partnerships, limited liability companies, associations, companies, real estate investment trusts, business trusts or any other similar entities.

“**Company**” means Ten Side Holdings, LLC, a Georgia limited liability company.

“**Counsel**” means an attorney or firm thereof admitted to practice law before the highest court of any state of the United States of America or the District of Columbia. An attorney for the Issuer or the Lessee may be eligible for appointment as Counsel.

“**Default Rate**” shall mean that rate of interest per annum equal to the lower of (i) one percent (1%) per annum above the Prime Rate in effect from time to time, floating, or (ii) the highest lawful rate of interest.

“**Event of Default**” means any of the events described in Section 10.1 hereof.

“**Exempt Assignment**” has the meaning set forth in Section 9.8 of this Lease. “**Financing Statements**” means any and all financing statements (including continuation statements) filed for record from time to time to perfect the Security Interests created by the Indenture.

“**Government Obligations**” means (a) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged, or (b) obligations issued by any agency controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of and interest on which is fully and unconditionally guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (a) or (b) issued or held in book-entry form on the books of the Department of Treasury of the United States of America), which obligations, in either case, are held in the name of the Trustee and are not subject to redemption prior to maturity by anyone other than the holder thereof.

“**Guaranty Agreement**” means the Guaranty Agreement between the Lessee, as Guarantor, and the Trustee pursuant to which the Guarantor thereunder guarantees to the Trustee for the benefit of the owners of the Bonds the full and prompt payment of the principal of and interest on the Bonds.

“**Improvements**” means, collectively, the buildings, structures, fixtures and other improvements now or hereafter located on the Leased Land, the acquisition of which or the improvements or replacement thereto, in whole or in part, is to be financed with the proceeds from the sale of the Bonds, as they may at any time exist.

“**Indenture**” means the Indenture of Trust between the Issuer and the Trustee, of even date herewith, and pursuant to which, *inter alia*, (a) the Bonds are authorized to be issued, and (b) the Issuer’s interest in this Lease and the rents, revenues and receipts arising out of or in connection with the Issuer’s ownership of the Project are to be pledged and assigned to the Trustee as security for the payment of the principal of, and redemption premium (if any) and interest on, the Bonds, including any indenture supplemental thereto.

“Independent Counsel” means an attorney, or firm thereof, duly admitted to practice law before the highest court of any state in the United States of America or the District of Columbia and not an employee of or regularly retained by either the Issuer or the Lessee.

“Issuer” means The Atlanta Development Authority, a public body corporate and politic created and existing under the laws of the State of Georgia, and its lawful successors and assigns.

“Issuer Documents” means this Lease, the Indenture, the Bond Purchase Agreement, and any Quitclaim Deed and Bill of Sale.

“Land” or “Leased Land” means that certain parcel of real property having a street address of 1022 Northside Drive, Atlanta, Fulton County, Georgia, such real property being the property more particularly described on Exhibit “A” attached hereto and by reference made a part hereof, and, together with all easements, hereditaments, tenements and other rights and privileges of any kind appurtenant thereto, less such real estate and interests in real estate as may be released from this Lease pursuant to Section 8.6 hereof or taken by the exercise of the power of eminent domain as provided in Section 7.2 hereof.

“Lease” means this Lease Agreement as it now exists and as it may hereafter be amended pursuant to Article XIV of the Indenture.

“Lease Term” means the duration of the leasehold interest under this Lease as specified in Section 5.1 hereof.

“Leasehold Mortgage” means the Lender that holds a Leasehold Security Deed.

“Leasehold Security Deed” means any leasehold deed to secure debt entered into by the Lessee pursuant to Section 9.7 hereof.

“Lender” means any financial institution which has advanced credit to the Company.

“Lessee” means Ten Side Holdings, LLC, a Georgia limited liability company, and its successors and assigns, including any surviving, resulting or transferee entity as provided in Section 8.3 hereof or Section 9.1 hereof.

“Lessee Documents” means this Lease, any Guaranty Agreement and the Bond Purchase Agreement.

“Limited Warranty Deed” means the Limited Warranty Deed to be dated the date of actual execution and delivery, pursuant to which Ten Side Holdings, LLC conveys fee simple interest in the Land and Improvements, subject to Permitted Encumbrances, to the Issuer.

**“Loan Documents”** means the loan documents with respect to a Lessee’ Leasehold Security Deed or a Superior Security Document.

**“Mortgage”** means as a noun, a deed of trust, mortgage deed to secure debt, security agreement or similar voluntary agreement creating a lien upon or security interest in conveying security title to the project or any part thereof or any interest therein (including without limitation the Lessee’s leasehold interest) as security for a debt or other obligation. As a verb, “Mortgage” means to grant any such a deed of trust, mortgage, deed to secure debt, security agreement or similar voluntary agreement creating a lien upon or security interest in or conveying security title to the Project leased hereunder or any part thereof or any interest therein (including without limitation the Lessee’s leasehold interest) as security for a debt or other obligation.

**“Mortgagee”** means the holder of a Mortgage.

**“Net Proceeds”** when used with respect to any insurance or condemnation award, means the gross proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all expenses (including attorneys’ fees and any Extraordinary Expenses of the Trustee as defined in the Indenture) incurred in the collection of such gross proceeds .

The term **“Payment in Full of the Bonds”** specifically encompasses the situations referred to in Sections 1001 and 1002 of the Indenture.

**“Permitted Encumbrances”** means, as of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent or permitted to exist as provided in Section 6.3 hereof, (ii) this Lease, the Indenture, and the Security Interests created herein and in the Indenture, (iii) utility, access or other easements and rights-of-way, restrictions, reservations, reversions and exceptions in the nature of easements that the Lessee certifies will not materially interfere with or impair the operations being conducted at the Project, (iv) unfiled and inchoate mechanics’ and materialmen’s liens for construction work in progress, (v) architects’, contractors’, subcontractors’, mechanics’, materialmen’ s, suppliers’, laborers’ and vendors’ liens or other similar liens not then payable or permitted to exist as provided in Section 6.1(c) hereof, (vi) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as the Lessee, by an Authorized Lessee Representative, certifies do not, in the aggregate, materially impair the property affected thereby for the purpose for which it was acquired or is held by the Issuer, (vii) any Superior Encumbrances, and (viii) exceptions described in any Owner’s Policy of Title Insurance procured by the Issuer with the consent of the Lessee and delivered on the date of execution and delivery of this Lease, including the rights of the tenants of the Project identified in such Owner’s Policy of Title Insurance.

**“Permitted Investments”** means:

- (a) Government Obligations;
- (b) obligations of the Federal Land Bank;
- (c) obligations of the Federal Home Loan Bank;

(d) obligations of the Federal Intermediate Credit Bank;

(e) obligations of the Central Bank for Cooperatives;

(f) certificates of deposit of national or state banks located within the State of Georgia which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan associations located within the State of Georgia which have deposits insured by the Federal Savings and Loan Insurance Corporation (including the certificates of deposit of any bank, savings and loan association or building and loan association acting as depository, custodian or trustee for any proceeds of the Bonds); provided, however, that the portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, if any, shall be secured by deposit with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank located within the State of Georgia, of any of the obligations included in (a), (b), (c), (d) or (e) above;

(g) repurchase agreements with respect to obligations included in (a), (b), (c), (d) or (e) above and any other investments to the extent at the time permitted by then applicable Georgia law for the investment of public funds; and

(h) Securities of or other interests in any no-load, open-end management type investment company or investment trust registered under the Investment Company Act of 1940, as from time to time amended, or any common trust fund maintained by any bank or trust company which holds such proceeds as trustee or by an affiliate thereof so long as:

(i) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations referenced in paragraph (a) hereof and repurchase agreements fully collateralized by any such obligations;

(ii) such investment company or investment trust or common trust fund takes delivery of such collateral either directly or through an authorized custodian;

(iii) such investment company or investment trust or common trust fund is managed so as to maintain its shares at a constant net asset value; and

(iv) securities of or other interests in such investment company or investment trust or common trust fund are purchased and redeemed only through the use of national or state banks having corporate trust powers and located within the State.

**“Prime Rate”** means an index rate of interest per annum announced from time to time by the Trustee or the commercial bank affiliate of the Trustee or its successor as its Prime Rate or Prime Lending Rate (which rate is one of several interest rate bases used by such bank). A change in the Prime Rate shall become effective from the beginning of the day on which such change is announced. If announcement or use of such rate should be discontinued, the Trustee shall substitute a comparable index rate, which shall be effective from and after the date of discontinuance of the original index rate.

“Project” means the Leased Land and the Improvements, as they may at any time exist.

“Project Fund” means the project fund created by Section 701 of the Indenture and referred to in Sections 4.2 and 4.3 hereof.

“Project Summary” means the project summary, filed with the Issuer, as the same may be amended from time to time in accordance with the provisions of this Lease. The Project Summary is contained as Exhibit “C” attached hereto and by this reference made a part of this Lease.

“Quitclaim Deed and Bill of Sale” means the Quitclaim Deed and Bill of Sale to be dated the date of actual execution and delivery in accordance with Section 11.4 hereof. The Quitclaim Deed and Bill of Sale, in substantially the form it is to be executed and delivered, is attached as Exhibit “D” hereto.

“Rental Payments” means those amounts required to be paid by the Lessee pursuant to Section 5.3 hereof equal to the total amount of the principal and interest payable on the Bonds.

“Security Interest” or “Security Interests” means the security interests created in the Indenture and shall have the meaning set forth in the Uniform Commercial Code of Georgia, as now or hereafter amended.

“Series 2009 Bonds” means The Atlanta Development Authority Taxable Lease Purchase Revenue Bonds (Tivoli Tenside Project), Series 2009.

“Superior Encumbrances” means any encumbrances created by any Superior Security Document.

“Superior Security Document” means any Mortgage, Leasehold Security Deed, deed to secure debt or similar instrument or instruments in which the Lessee or the Issuer (at the request of the Lessee) or both pledges the Project thereof leased hereunder, its interest in this Lease or its interest in the related Trust Estate or any part thereof to a Lender. A Superior Security Document shall also include, without limitation, pledges by the Lessee of the Bonds and any interest in the bond payments related thereto.

“Trust Estate” is defined in the Indenture.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., or any co-trustee and any successor trustee under the Indenture.

**Section 1.2 Rules of Construction.** Unless the context clearly indicates to the contrary:

- (a) “Herein”, “hereby”, “hereunder”, “hereof”, “Hereinbefore”, “hereinafter” and other equivalent words refer to this Lease and not solely to the particular portion thereof in which any such word is used.
- (b) Words importing the singular number shall include the plural number and vice versa, and any pronoun used herein shall be deemed to cover all genders.
- (c) All references herein to particular Articles or Sections are references to Articles or Sections of this Lease.
- (d) Any certificate or statement required to be delivered under the provisions of this Lease or the Indenture shall, in the absence of manifest error, be deemed to be conclusive evidence of the truth, correctness and accuracy of the matters covered in such certificate or statement.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

**Section 2.1** Representations and Warranties by the Issuer. The Issuer makes the following representations and warranties:

- (a) Organization and Authority. The Issuer is a public body corporate and politic, created and validly existing pursuant to the Constitution and laws of the State of Georgia, including particularly the provisions of the Act. Under the provisions of the Act, the Issuer has the power to execute and deliver the Issuer Documents, to enter into the transactions contemplated thereby and to perform and observe its obligations contained therein in accordance with the terms thereof. By proper corporate action, the Issuer has duly authorized the execution and delivery of the Issuer Documents.
- (b) Ability to Finance Project Under Act. The Project constitutes a project within the scope of the Issuer's power for which bonds may be issued to finance under the Act.
- (c) Public Purpose. The Issuer has found and hereby declares that the issuance of the Bonds and the use of the proceeds of the Bonds to acquire the Project and the leasing of the Project to the Lessee and the sale of the Project to the Lessee at the expiration or sooner termination of the Lease Term is in furtherance of the public purposes for which the Issuer is created.
- (d) Agreements are Legal and Authorized. The Issuer is not subject to any charter, by-law or contractual limitation or provision of any nature whatsoever which in any way limits, restricts or prevents the Issuer from entering into the Issuer Documents or performing any of its obligations thereunder.
- (e) Limited Obligations. Notwithstanding anything herein contained to the contrary, any obligation the Issuer may hereby incur for the payment of money shall not be a general debt on its part but shall be limited obligations payable solely from rents, revenues and receipts derived from this Lease, the sale of the Bonds and any other rents, revenues and receipts derived by the Issuer arising out of or in connection with its ownership of the Project.
- (f) Issuance of Bonds. To accomplish the foregoing, the Issuer proposes to issue not to exceed \$70,000,000 in aggregate principal amount of its Series 2009 Bonds immediately following the execution and delivery of this Lease. The date, denominations, interest rate, maturity date, redemption provisions and other pertinent provisions with respect to the Bonds are set forth in the Indenture (particularly Articles II and III thereof) and by this reference thereto they are incorporated herein.
- (g) Security for Bonds. The Bonds are to be issued under and secured by the Indenture, pursuant to which the Issuer's right, title and interest in this Lease (except for certain rights of indemnification, payment of expenses and right to inspect the Project), and the rents, revenues and receipts received by Issuer pursuant to this Lease will be assigned to the Trustee and pledged as security for the payment of the principal of, redemption premium, if any, and interest on the Bonds.

(h) No Prior Pledge. The Trust Estate has not been pledged or hypothecated in any manner or for any purpose other than as provided in the Indenture.

(i) Governmental Consent. Neither the nature of the Issuer nor any of its activities or properties, nor any relationship between the Issuer and any other Person, nor any circumstance in connection with the offer, issue, sale or delivery of any of the Bonds is such as to require the consent, approval or authorization of, or the filing, registration or qualification with, any governmental authority on the part of the Issuer in connection with the execution, delivery and performance of any of the Issuer Documents or the offer, issue, sale or delivery of the Bonds, other than those already obtained or filed; provided, however, no representation is made herein as to compliance with the securities or “blue sky” laws of any jurisdiction nor is any representation made as to any governmental consents, approvals or permits required in connection with the construction or operation of the Project.

(j) No Defaults. No event has occurred and no condition exists with respect to the Issuer which would constitute an event of default, as defined herein or therein, under any of the Issuer Documents or which, with the lapse of time or with the giving of notice or both, would become an event of default under any of the Issuer Documents except for certain limited obligation bond issues which may be in default but would not adversely affect payment of the Bonds.

(k) Enforceability. This Lease, assuming due authorization, execution and delivery thereof by Lessee, is a legal, valid and binding obligation of the Issuer, enforceable in accordance with its terms, except to the extent that enforcement thereof may be limited by (i) bankruptcy, insolvency, reorganization, receivership, liquidation, fraudulent conveyance, moratorium or other similar laws affecting creditors’ rights generally, or (ii) general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity) and except as limited by any principles of public policy limiting the right to enforce the indemnification provisions of this Lease.

(l) No Warranty by Issuer of Condition or Suitability of the Project. The Issuer makes no warranty, either express or implied, as to the suitability or utility of the Project or as to the condition of the Project or that they are or will be suitable for the Lessee’s purposes or needs.

**Section 2.2 Representations and Warranties by the Lessee.** The Lessee makes the following representations and warranties:

(a) Organization and Power. The Lessee is a limited liability company duly organized and existing under the laws of the State of Georgia, has the power and authority to enter into this Lease and to perform its obligations contained herein and under the Lessee Documents heretofore or hereafter to be executed and delivered by the Lessee, and has, by proper action, been duly authorized to execute, deliver and perform this Lease in accordance with the terms hereof.

(b) Pending Litigation. There is no action, suit, proceeding, inquiry or investigation known to the Lessee to be pending or threatened against or directly affecting the Lessee wherein an unfavorable decision, ruling or finding (i) is reasonably anticipated to materially and adversely affect the transactions contemplated on its part by this Lease, or (ii) is reasonably anticipated to adversely affect the validity or enforceability of the Bonds or the Lessee Documents.

(c) No Violation or Breach. The execution and delivery by the Lessee of the Lessee Documents and the compliance by the Lessee with its obligations thereunder do not result in any violation of the articles or organization or operating agreement of the Lessee and do not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, (i) any indenture, mortgage, deed of trust, lease, note agreement or other agreement or instrument to which the Lessee is a party or by which the Lessee is presently bound for which required consent has not been obtained (except for conflicts, breaches or defaults which would not, individually or in the aggregate, be materially adverse to the Lessee), or (ii) any existing applicable law or any order, rule or regulation of any court or governmental or regulatory authorities having jurisdiction over the Lessee, applicable to the Lessee.

(d) Governmental Consents. Neither the Lessee nor any of its business or properties, nor any relationship between the Lessee and any other Person, nor any circumstance in connection with the execution, delivery and performance by the Lessee of the Lessee Documents, or the offer, issue, sale or delivery by the Issuer of the Bonds, is such as to require the consent, approval or authorization of, or the filing, registration or qualification with, any governmental authority on the part of the Lessee, other than those already obtained or filed; provided, however, no representation is made herein as to compliance with the securities or "blue sky" laws of any jurisdiction.

(e) No Defaults. No event has occurred and no condition exists with respect to the Lessee that would constitute an event of default, as defined herein or therein, under this Lease or any of the Lessee Documents or which, with the lapse of time or with the giving of notice or both, would become such an event of default.

(f) Governmental Approval. The Project will be developed in such manner as to conform in all material respects with all applicable zoning, planning, building and other regulations of governmental authorities having jurisdiction over the Project and all necessary utilities will be available in all material respects to the Project.

(g) Enforceability. This Lease, assuming due authorization, execution and delivery thereof by the Issuer, is a legal, valid and binding obligation of the Lessee, enforceable against the Lessee in accordance with its terms, except to the extent that enforcement thereof may be limited by (i) bankruptcy, insolvency, reorganization, receivership, liquidation, fraudulent conveyance, moratorium or other similar laws affecting creditors' rights generally, or (ii) general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity) and except as limited by any principles of public policy limiting the right to enforce the indemnification provisions of this Lease.

(h) Operation of Project. The Lessee presently intends to operate the Project, located wholly within the corporate limits of the City of Atlanta within Fulton County, in a manner consistent with the Act, from the date of this Lease until the expiration or sooner termination of the Lease Term as provided herein.

## ARTICLE III

### LEASING CLAUSES AND WARRANTY OF TITLE

Section 3.1 Lease of the Project. The Issuer hereby leases to the Lessee, and the Lessee hereby leases from the Issuer, subject to Permitted Encumbrances, the Project at the rental set forth in Section 5.3 hereof and in accordance with the provisions of this Lease.

The Issuer hereby authorizes and directs Lessee to exercise all rights under this Lease (and be encumbered by all obligations), subject to the Permitted Encumbrances, as if Lessee were the fee simple owner of the Project. This authorization and appointment of the Lessee pursuant to the foregoing sentence and all authority hereby conferred or granted is conferred and granted irrevocably, until the expiration or earlier termination of this Lease. The Issuer hereby agrees that third parties shall be entitled to rely on the authorization and appointment set forth in this paragraph.

Section 3.2 Title to Project. The Lessee and the Issuer agree that the Issuer will hold title to the Project, subject to any Superior Security Document and other Permitted Encumbrances. The Lessee may at its own expense obtain such title insurance policies (or binder to issue such policies) insuring (or agreeing to insure) that the Issuer has good and marketable fee simple title in and to the portion of the Leased Land described on Exhibit "A" attached hereto free from all encumbrances except any Superior Security Document or other Permitted Encumbrances, or that the Lessee has a valid leasehold interest in the Land and/or that the holder of a Superior Security Document has a first lien on and security title to the Leased Land and/or that Leasehold Mortgagee has a first lien on and security title to the Leasehold created by the Lease. Except as otherwise determined pursuant to any Superior Security Document and any Leasehold Security Deed and Net Proceeds of such title insurance shall be used to remedy the title defect resulting in the payment thereof or, to the extent not required therefor or in lieu thereof, shall be deposited in the Bond Fund.

The Issuer makes no warranty or representation as to its title to the Project or any portion thereof. The Issuer agrees that it shall upon request of the Lessee join where necessary in any proceeding to protect and defend the Issuer's title in and to the Project, provided that the Lessee shall pay the entire cost of any such proceeding or reimburse the Issuer therefor and indemnify and hold harmless the Issuer from any cost or liability whatsoever.

Section 3.3 Quiet Enjoyment. The Issuer warrants and covenants that it will defend the Lessee in the quiet enjoyment and peaceable possession of the Project, and all appurtenances thereunto belonging, free from all claims of all persons whomsoever acting by, through or under the Issuer, throughout the Lease Term.

In addition to the foregoing warranty, the Issuer agrees that it will not take or cause another party to take any action to interfere with the Lessee's peaceful and quiet enjoyment of the Project. The Issuer agrees that in the event the peaceful and quiet enjoyment of the Project shall otherwise be denied to the Lessee or contested by anyone, the Issuer shall upon request of the Lessee join where necessary in any proceeding to protect and defend the quiet enjoyment of the Lessee, provided that, unless such denial or contest shall result from the gross negligence or willful misconduct of the Issuer, the Lessee shall pay the entire cost of any such proceeding, reimburse the Issuer therefor and indemnify and hold harmless the Issuer from any cost or liability arising from such proceeding whatsoever.

Section 3.4 Limitations of Warranties. The warranties of the Issuer which are contained in Sections 3.2 and 3.3 hereof shall be limited to the extent and in such amount as may be collected from time to time from the Lessee under this Lease; provided, however, that nothing contained in this Section shall restrict the Issuer's liability resulting from the Issuer's tortious acts or gross negligence.

Section 3.5 Agreement of the Issuer to Execute Amendment to Lease Agreement. The Issuer and the Lessee understand and agree that only with prior written consent of the holder of a Superior Security Document and to the extent permitted by any Superior Security Document at any time such a security instrument is outstanding portions of the Leased Land may be removed from this Lease in accordance with the provisions hereof and that certain items of personal property may be acquired by the Lessee and conveyed to the Issuer or may be acquired directly by the Issuer from time to time hereafter only as permitted by any Superior Security Document at any time any Superior Security Document is outstanding. The Issuer agrees, at the reasonable request of and with reasonable notice from the Lessee, to execute from time to time an amendment or amendments to Lease Agreement in substantially the form contained as Exhibit "E" hereto or such other form as may be reasonably satisfactory to the Issuer and the Lessee, and the additional property added thereby shall become a part of the Project and leased by the Issuer to the Lessee pursuant to this Lease.

Section 3.6 Agreement of the Issuer to Subordinate to any Leasehold Security Deed. At Lessee's request and with the prior written consent of the owners of a majority in principal amount of Bonds Outstanding, the Issuer shall subordinate its fee simple interest in the Project to any Leasehold Mortgage. In furtherance of such obligation, the Issuer shall execute any deed to secure debt, assignment of leases or other document reasonably requested by Lessee and with the prior written consent of the owners of a majority in principal amount of Bonds Outstanding at any time there is no Superior Security Document encumbering the Project.

Section 3.7 Acknowledgment of Subordination. Notwithstanding anything contained herein, this Lease is subject and subordinate in all respects to any Superior Security Document, to all other liens granted by the Lessee to the holder of a Superior Security Document with respect to or in connection with the indebtedness secured by the Superior Security Document, and to all modifications, extensions, refinancings (where such liens continue) or renewals of such lien.

ARTICLE IV

ACQUISITION OF THE PROJECT; ISSUANCE OF THE SERIES 2009 BONDS

Section 4.1 Acquisition of the Project. Not later than the delivery of this Lease the Issuer will have acquired the title in and to the Project which it warrants in Section 3.2 hereof. The Lessee agrees that, as principal, and not as agent for the Issuer, it will cause to be acquired or installed in the Improvements or on the Leased Land items of machinery, equipment and related property as in the Lessee's judgment may be necessary or desirable for the operation of the Project, all of which acquisitions and installations shall be at all times subject to a first priority security interest in favor of the holder of a Superior Security Document at any time any such Superior Security Document is outstanding. Any changes to the Project Summary shall be made at the sole discretion of the Lessee and shall also be filed with the Secretary or Assistant Secretary of the Issuer and the Authorized Lessee Representative.

The Issuer agrees that only such changes will be made in the Project Summary as may be specified by an Authorized Lessee Representative.

The Lessee agrees to complete the acquisition of the Project in accordance with the Project Summary as promptly as practicable after the date of the execution and delivery of this Lease, but if said acquisition is not completed within the time herein contemplated there shall be no resulting diminution in or postponement of the rents required in Section 5.3 hereof to be paid by the Lessee.

The Issuer makes no warranty or representation, either express or implied, as to the suitability or fitness for a particular purpose of the Project or any portion thereof.

Section 4.2 Agreement to Issue Bonds: Application of Bond Proceeds. In order to provide funds for payment of the cost of the acquisition of the Project provided for in Section 4.1 hereof, the Issuer agrees that as soon as possible it will authorize, sell and cause to be delivered to the initial purchaser or purchasers thereof, the Bonds, bearing interest and maturing as set forth in Article III of the Indenture, at a price to be approved by the Lessee. Upon receipt of any cash proceeds derived from the sale of the Bonds, the Issuer will deposit said proceeds received upon said sale in the Project Fund.

Section 4.3 Disbursements from the Project Fund. The Issuer will, in the Indenture, authorize and direct the Trustee to use the moneys in the Project Fund for the following purposes:

(a) Payment of the initial or acceptance fee of the Trustee and customary and reasonable fees, costs and expenses of the Trustee and its counsel; the fees and expenses for recording or filing the Limited Warranty Deed whereby fee simple title in and to the Land and the Improvements has been or is to be conveyed to the Issuer; the fees and expenses for recording or filing this Lease or an amendment to the existing Short Form Lease and any other documents by which this Lease is assigned as security for the Bonds; the fees and expenses for recording or filing any documents that the Lessee may deem desirable to file for record in order to protect the title of the Issuer to the Project, or any part thereof; and the fees and expenses in connection with any actions or proceedings that the Lessee may deem desirable to bring in order to perfect or protect the title of the Issuer to the Project;

(b) Payment to the Lessee and the Issuer, as the case may be, of such amounts, if any, as shall be necessary to reimburse the Lessee and the Issuer in full for all advances and payments made by them or either of them prior to or after the delivery of the Bonds for expenditures in connection with the acquisition by the Issuer or the Lessee of title to the Land (including the cost of the Leased Land and of any options to purchase the Land and rights-of-way for the purpose of providing access to and from the Land), the acquisition of the Project, the acquisition, construction and installation necessary to provide utility services or other facilities including trackage to connect the Project with public transportation facilities, and the acquisition, construction and installation of all real or personal properties deemed necessary in connection with the Project, and any architectural, engineering and supervisory services with respect to any of the foregoing;

(c) Payment of, or reimbursement of the Issuer or the Lessee for the fee of the Issuer, the customary and reasonable legal and accounting fees and expenses, financial consultants' fees, rating agencies' fees, financing charges (including underwriting or placement fees) and printing and engraving costs incurred in connection with the authorization, sale and issuance of the Bonds, the preparation of this Lease or any amendment hereto, the Indenture, the Financing Statements and all other documents in connection therewith and in connection with the acquisition of title to the Project and any financing obtained from the Lessee's lenders;

(d) Payment of the fees, if any, for architectural, engineering and supervisory services with respect to the Project;

(e) All moneys remaining in the Project Fund (including moneys earned on investments made pursuant to the provisions of Section 4.6 hereof) after the payment in full of the costs of the acquisition of the Project, and after payment of all other items provided for in the preceding subsections of this Section then due and payable shall, at the written direction of the Authorized Lessee Representative, be (i) used for the purchase of Bonds for the purpose of cancellation, or (ii) paid into the Bond Fund, or (iii) a combination of (i) and (ii) as is provided in such direction, provided that amounts approved by the Lessee and the Authorized Issuer Representative shall be retained by the Trustee in the Project Fund for payment of Project costs not then due and payable. Any balance remaining of such retained funds after full payment of all such Project costs shall be used by the Trustee as directed by the Lessee in the manner specified in clauses (i), (ii) and (iii) of this subsection; and

Anything contained in this Section 4.3 to the contrary notwithstanding, if the Bond Purchaser is also the Lessee, in lieu of making a deposit into the Project Fund, the Bond Purchaser may make an internal book entry notation to denote that funds have been advanced by the Bond Purchaser on behalf of the Issuer to the Lessee as payment or reimbursement of Project costs.

The payments specified in subsections (a) through (e) of this Section shall be made by the Trustee only upon receipt of a written requisition or facsimile thereof for such payment signed by the Lessee by an Authorized Lessee Representative in substantially the form contained as Exhibit "F" hereto.

In making any such payment from the Project Fund the Trustee may conclusively rely on any such requisitions and certificates delivered to it pursuant to this Section and the Trustee shall be relieved of all liability with respect to making such payments in accordance with such requisitions and such certificates without inspection of the Project or any other investigation.

Section 4.4 Obligation of the Parties to Cooperate in Furnishing Documents to Trustee. The Issuer and the Lessee agree to cooperate with each other in promptly furnishing to the Trustee the documents referred to in Section 4.3 hereof that are required to effect payments out of the Project Fund, and to cause such requisitions and certificates to be directed by the Authorized Lessee Representative to the Trustee as may be necessary to effect payment out of the Project Fund in accordance with Section 4.3 hereof. Such obligation of the Issuer and the Lessee is subject to any provisions of this Lease or the Indenture requiring additional documentation with respect to payments and shall not extend beyond the moneys in the Project Fund available for payment under the terms of the Indenture.

Section 4.5 Lessee Required to Pay Project Costs in Event Project Fund Insufficient. The Issuer does not make any warranty, either express or implied, that the moneys which will be paid into the Project Fund and which, under the provisions of this Lease, will be available for payment of the costs of the Project, will be sufficient to pay all the costs which will be incurred in that connection. The Lessee agrees that if after exhaustion of the moneys in the Project Fund, the Lessee should pay any portion of the costs of the Project pursuant to the provisions of this Section, it shall not be entitled to any reimbursement therefor from the Issuer or from the Trustee or from the holders of any of the Bonds nor shall it be entitled to any diminution in or postponement of the rental payments required in Section 5.3 hereof to be paid by the Lessee.

Section 4.6 Investment of Project Fund Moneys Permitted. Any moneys held as part of the Project Fund shall be invested or reinvested by the Trustee upon the written or oral request and direction of the Authorized Lessee Representative, promptly confirmed in writing, in Permitted Investments.

Such investments shall mature or shall be subject to sale prior to maturity in such amounts and at such times as may be necessary to provide funds when needed to make payments from the Project Fund. The Trustee may make any and all such investments through its own bond department as provided in the Indenture. Any interest or gain received from such investments of the moneys in the Project Fund shall be credited to and held in the Project Fund and any loss from such investments shall be charged against the Project Fund.

Section 4.7 Reserved.

ARTICLE V

EFFECTIVE DATE OF THIS LEASE; DURATION OF  
LEASE TERM; RENTAL PROVISIONS

Section 5.1 Effective Date of this Lease; Duration of Lease Term. This Lease shall become effective upon its delivery and the leasehold interest created by this Lease shall then begin, upon substantial completion of the Project as evidenced by the issuance of a “certificate of occupancy” by the governmental body with jurisdiction over the location of the Project, and, subject to the other provisions of this Lease (including particularly Articles X, XI, and XII hereof), shall expire at midnight on January 1, 2022 unless earlier terminated. If at said time and on such date Payment in Full of the Bonds shall not have been made, then this Lease shall expire on such date as such payment shall have been made.

Section 5.2 Delivery and Acceptance of Possession. The Issuer agrees to deliver to the Lessee sole and exclusive possession of the Project (subject to the right of the Issuer and the Trustee to enter thereon for inspection and other purposes as set forth in Section 8.3 hereof) on the effective date of this Lease and the Lessee agrees to accept possession of the Project upon such delivery.

Section 5.3 Rents and Other Amounts Payable. Subject to Section 208 of the Indenture, on or before January 1 and July 1 in each year, commencing January 1, 2010, until Payment in Full of the Bonds, the Lessee shall pay or cause to be paid to the Trustee for the account of the Issuer as rents for the Project a sum equal to the amount payable on such date as principal of and interest on the Bonds, as provided in the Indenture. Each Rental Payment under this Section 5.3 shall be sufficient to pay the total amount of principal and interest payable on such semiannual interest payment date, and if at any semiannual interest payment date the balance in the Bond Fund is insufficient to make required payments of principal and interest on such date, the Lessee shall forthwith pay any such deficiency.

Notwithstanding anything to the contrary contained herein, if the Company is the lessee of the Project and is also the Bondholder, then the payment of Rental Payments under this Lease and the payment of the principal of and interest on such Bond shall be deemed to have been constructively made when due and shall be noted on the Schedule of Payment attached to the Bond. If the Company elects to terminate this Lease or elects to purchase the Project, and if the Bond has not theretofore been retired, the Company shall make a final payment of Rental Payments in an amount sufficient to retire the Bond and shall cause the Bond to be retired on the date the Term expires or the date this Lease is terminated or the date the purchase of the Project is closed, as applicable, provided that if the Company or an Affiliate of the Company is also the Holder of the Bond, then in lieu of such payment, such Bond shall be marked “canceled and paid” and shall be promptly surrendered by the Holder to the Registrar.

Anything herein to the contrary notwithstanding, any amount at any time held by the Trustee in the Bond Fund shall be credited against the next succeeding rental payment and such credit shall reduce the payment to be then made by the Lessee; and further, if the amount held by the Trustee in the Bond Fund should be sufficient to pay at the times required the principal of and interest on all Bonds then remaining unpaid, the Lessee shall not be obligated to make any further rental payments under the provisions of this Section.

The Lessee agrees to pay to the Trustee until Payment in Full of the Bonds (i) at least once a year an amount equal to the annual fee of the Trustee for the Ordinary Services of the Trustee rendered and its Ordinary Expenses incurred under the Indenture, (ii) the reasonable fees, costs and expenses of Trustee's Counsel as provided in the Indenture, as and when the same become due, and (iii) the reasonable fees and charges of the Trustee for Extraordinary Services rendered by it and Extraordinary Expenses incurred under the Indenture, as and when the same become due; provided, that the Lessee may, without creating a default hereunder, withhold such payment to contest in good faith the necessity for any such Extraordinary Services and Extraordinary Expenses and the reasonableness of any such fees, charges or expenses.

If the Lessee should fail to make any of the payments required in this Section, the item or installment so in default shall continue as an obligation of the Lessee until the same shall have been fully paid, and the Lessee agrees to pay the same with interest thereon, to the extent legally enforceable, at the Default Rate per annum until paid. The provisions of this Section 5.3 shall be subject to the provisions of Section 9.5 hereof.

Section 5.4 Place of Rental Payments. The rents provided for in the first paragraph of Section 5.3 hereof and the interest on delinquent rents shall be paid directly to the Trustee for the account of the Issuer and will be deposited in the Bond Fund subject to the provisions of Section 208 of the Indenture. The other payments provided for in Section 5.3 hereof shall be paid directly to the Trustee for its own use or for disbursement to any other paying agent on the Bonds, as the case may be.

Section 5.5 Obligations of Lessee Hereunder Absolute and Unconditional. Subject to the provisions of Section 9.5 hereof, the obligations of the Lessee to make the payments required in Section 5.3 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional with no right of set-off. Until such time as Payment in Full of the Bonds shall have been made, the Lessee (i) will not suspend or discontinue any payments provided for in Section 5.3 hereof except to the extent the payments have been prepaid, (ii) will perform and observe all of its other agreements contained in this Lease Agreement, and (iii) except as provided in Sections 11.1 and 11.2 hereof, will not terminate the Lease Term for any cause, including, without limiting the generality of the foregoing, failure of the Issuer's title in and to the Project or any part thereof, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of Georgia or any political subdivision of either thereof or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Lease or the Indenture. Nothing contained in this Section 5.5 shall be construed to release the Issuer from the performance of any of the agreements on its part herein contained; and if the Issuer should fail to perform any such agreement, the Lessee may institute such action against the Issuer as the Lessee may deem necessary to compel performance or recover its damages for nonperformance so long as such action shall not conflict with the agreements on the part of the Lessee contained in the preceding sentence. The Lessee may, however, at its own cost and expense and in its own name or in the name of the Issuer, prosecute or defend any action or proceeding or take any other action involving third persons which the Lessee deems reasonably necessary or in order to insure the acquisition of the Project or to secure or protect its right of possession, occupancy and use of the Project hereunder, and in such event the Issuer hereby agrees to cooperate fully with the Lessee and to take all lawful action which is required to effect the substitution of the Lessee for the Issuer in any such action or proceeding if the Lessee shall so request.

**Section 5.6** Lessee's Performance under Indenture. The Lessee agrees, for the benefit of the owners from time to time of the Bonds, to do and perform all acts and things contemplated in the Indenture to be done or performed by it.

**Section 5.7** Exculpation. Notwithstanding any other provision of this Lease Agreement, by acceptance hereof the Issuer agrees, for so long as any Superior Security Document remains outstanding and unpaid, that payment of the rents and other amounts payable under Section 5.3 but not including payments pursuant to Sections 6.7, 6.9 and 10.4, shall be without recourse to the Lessee or its members personally, and the Issuer shall not be entitled either to seek or procure payment of such amounts out of any source other than the Lessee's interest in this Lease Agreement or to procure judgment of any kind against either the Lessee, any member of the Lessee, or any property of the Lessee or any member of the Lessee, except for the Lessee's interest in this Lease Agreement, including, without limitation, for any deficiency remaining after the transfer or other disposition of the Lessee's interest in this Lease Agreement; provided, however, that nothing in this paragraph shall be deemed to preclude the Issuer from exercising its rights under this Lease Agreement or from obtaining a judgment for purposes of enforcing its rights under this Lease Agreement, or to preclude the Trustee from exercising its rights under the Indenture or from obtaining a judgment for purposes of enforcing its rights under the Indenture. This provision is intended to ensure that the obligations of the Lessee under this Lease Agreement remain junior and subordinate in priority to the obligations of the Lessee under any Superior Security Document and shall be so construed.

ARTICLE VI

MAINTENANCE AND MODIFICATIONS, TAXES AND INSURANCE

Section 6.1 Maintenance and Modifications of Project by Lessee.

(a) The Lessee will cause the Project to be maintained, preserved and kept in good repair, working order and condition and will from time to time cause to be made all necessary and proper repairs, replacements and renewals; provided, however, that the Lessee will have no obligation to cause to be maintained, preserved, repaired, replaced or renewed any element or unit of the Project, the maintenance, repair, replacement or renewal of which, in the opinion of the Lessee, becomes uneconomical to the Lessee because of damage or destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations. The Lessee agrees that the Issuer shall have no obligation to maintain the Project or any portion thereof.

The Lessee covenants that as long as the Lessee or any of its subsidiaries or affiliates operates the Project, it or such subsidiary or affiliate will cause the Project to be maintained and operated as a "project" under the Act.

(b) The Lessee may from time to time, in its sole discretion, at its own expense and not from the proceeds of the Bonds, make any additions, modifications or improvements to the Project, including installation of machinery, equipment and related property in the Improvements or on the Land, which it may deem desirable for its business purposes. All machinery, equipment and related property so installed by the Lessee shall remain the sole property of the Lessee in which neither the Issuer nor the Trustee shall have any interest. All such machinery, equipment and other related property may be modified or removed at any time.

(c) The Lessee shall not permit any mechanics' liens, materialmen's liens or other liens to be established and remain against the Project for labor or materials furnished or services rendered in connection with any additions, modifications, improvements, repairs, renewals or replacements so made by it; provided, that if the Lessee shall first notify the Trustee of its intention so to do, the Lessee may in good faith contest any mechanics' liens, materialmen's liens or other liens filed or established against the Project, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Issuer or the Trustee shall notify the Lessee that, in the opinion of Independent Counsel, by nonpayment of any such items, the Project or any material part thereof or the revenues from the Project will be subject to loss or forfeiture, in which event the Lessee shall promptly pay and cause to be satisfied and discharged all such unpaid items. The Issuer will cooperate fully with the Lessee in any such contest.

Section 6.2 Reserved.

Section 6.3 Taxes, Other Governmental Charges and Utility Charges. The Issuer and the Lessee further acknowledge that under present law no part of the Project owned by the Issuer will be subject to ad valorem taxation by the State of Georgia or by any political or taxing subdivision thereof, and that under present law the income and profits (if any) of the Issuer from the Project are not subject to either federal or Georgia taxation and these factors have induced the Lessee to enter into this Lease. However, under current law and pursuant to the uniform assessment methodologies applied by the Fulton County Board of Assessors, the Lessee shall pay, as the same become lawfully due and payable, (i) all taxes and governmental charges of any kind whatsoever upon or with respect to the interest held by the Lessee under this Lease, (ii) all taxes and governmental charges of any kind whatsoever upon or with respect to the Project or any machinery, equipment or related property installed or brought by the Lessee therein or thereon (including, without limiting the generality of the foregoing, any taxes levied upon or with respect to the income or profits of the Issuer from the Project which, if not paid, will become a charge on the rents, revenues and receipts from the Project prior to or on a parity with the pledge or assignment thereof created and made in the Indenture), (iii) all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project and (iv) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Project; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are required to be paid during the Lease Term.

It is the understanding and intent of the parties that the Issuer's acquisition of title to the Project, including but not limited to the leased equipment comprising a portion of the Project, shall be solely for the purpose of leasing the same to the Lessee pursuant to the terms hereof. Without limiting the generality of the preceding paragraph concerning payment by the Lessee of all taxes and governmental charges of any kind whatsoever upon or with respect to the Project, it is specifically agreed that the Lessee shall pay, as the same become lawfully due and payable, either in its own name and behalf or in the name and behalf of the Issuer as appropriate, any sales or use taxes due upon payments of rent pursuant to Section 5.3 hereof attributable to leased equipment.

The Lessee may, at its own expense and in its own name and behalf or in the name and behalf of the Issuer, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments and other charges so contested to remain unpaid during the period of such contest and any appeal therefrom. The Issuer shall cooperate fully with the Lessee in any such contest.

**Section 6.4 Insurance Required.**

(a) The Lessee acknowledges and agrees that the Issuer shall have no obligation to insure the Project or any part thereof, and no responsibility for any damage or destruction thereof. Throughout the Lease Term, the Lessee shall cause the Project to be insured against such property and personal injury risks as is consistent with its insurance practices in effect from time to time, including self insurance, and Lessee shall procure and maintain at its expense a commercial general liability policy covering claims for bodily injury, death or property damage occurring upon, in or about the Property in an amount not less than \$1,000,000 per occurrence and \$3,000,000 in the aggregate with no deductible or self insurance retention, and an umbrella liability policy in the amount of \$25,000,000. In lieu of separate insurance policies, such insurance may be in the form of a blanket insurance policy or policies of the Lessee. Insurance policies may be written with reasonable deductible amounts and with exceptions and exclusions as the Lessee deems necessary in the normal course of its business. The Issuer and the Trustee shall be named as additional insureds under any general liability insurance policy or policies, as their respective interests may appear, and certificates of insurance reflecting the Issuer and the Trustee as additional insureds under such policy or policies shall be delivered to the Issuer and the Trustee in connection with the execution of this Lease and annually thereafter upon written request to Lessee. The Trustee shall have no duty to review or analyze such insurance policies and shall hold such insurance policies solely as a repository for the benefit of the bondholders; the Trustee shall not be deemed to have notice of any information contained therein or event of default which may be disclosed therein in any manner. The Issuer and the Trustee shall be provided thirty days' written notice of cancellation of any such insurance policies.

(b) Issuer shall have the right, but not the obligation, to obtain a separate liability policy or policies covering the Project with the Issuer as the named insured thereunder. In the event the Issuer shall elect at any time during the term of this Lease to obtain a separate liability insurance policy or policies covering the Project with the Issuer as the named insured thereunder, the insurance premium for such policy or policies shall be allocated among the projects covered under such policy or policies, and Lessee agrees to pay its pro rata share of the premium for such liability insurance not to exceed \$7,500.00 in any year (and such maximum annual amount shall be prorated in the case of any partial year of such coverage or any partial year during the term of this Lease). Lessee shall pay its pro rata share of such premium for any year within thirty (30) days after receipt by Lessee of a statement therefor together with back-up information regarding the amount of such premium and the calculation of Lessee's pro rata share thereof. Lessee shall be an additional insured under any such liability insurance policy or policies obtained by the Issuer, and annually upon written request to the Issuer, the Issuer shall provide Lessee with a certificate of insurance reflecting Lessee as an additional insured under such policy or policies. The Issuer's own liability insurance shall provide for the waiver of the insurers' rights of subrogation against Lessee where such waivers are possible.

**Section 6.5 Application of Net Proceeds of Insurance.** Unless otherwise provided by any Superior Security Document or a Leasehold Security Deed that has been executed pursuant to the provisions of Section 9.7 hereof, the Net Proceeds of any casualty insurance carried pursuant to the provisions of Section 6.4(a) hereof shall be paid to the Lessee and applied to the repair or replacement of the portion of the Project that was damaged or destroyed by the casualty, the redemption of the Bonds, or for such other use as the Lessee shall determine; provided, however, that no damage to, or destruction of, the Project shall affect the Lessee's obligation to pay rent hereunder, or entitle the Lessee to reduce or otherwise diminish its rental payments.

**Section 6.6 Additional Provisions Respecting Insurance.** Unless otherwise provided by any Superior Security Document or a Leasehold Security Deed that has been executed pursuant to the provisions of Section 9.7 hereof, all claims made under any insurance policies carried by Lessee pursuant to the requirements of Section 6.4(a) hereof, regardless of amount, may be adjusted by the Lessee with the insurers.

Section 6.7 Other Issuer Expenses. Anything to the contrary herein notwithstanding, the Lessee shall pay any expenses not specifically mentioned herein which are reasonably incurred by the Issuer and its counsel in connection with the Project, this Lease, the Indenture or the Bonds, and which are not paid from the Project Fund pursuant to Section 4.3 hereof.

Section 6.8 Advances by Issuer or Trustee. If the Lessee fails to maintain the full insurance coverage required by this Lease or fails to keep the Project in as reasonably safe condition as its operating conditions will permit, or fails to keep the Project in good repair and good operating condition, the Issuer or the Trustee may (if satisfactorily indemnified) but shall be under no obligation to, take out the required policies of insurance and pay the premiums on the same or make the required repairs, renewals and replacements if the Lessee shall fail to do so within thirty (30) days after written notice of failure to do so has been delivered to Lessee by the Trustee or the Issuer; and all amounts so advanced therefor by the Issuer or the Trustee will become an additional obligation of the Lessee to the one making the advancement, which amounts, together with interest thereon at the Default Rate from the date thereof, the Lessee agrees to pay; provided, however, if the failure stated in the notice cannot be corrected in the applicable time period, the Lessee shall be afforded such additional time as shall be reasonably necessary to correct such failure, provided corrective action is instituted by the Lessee within the applicable time period and diligently pursued until such failure is corrected.

Section 6.9 Indemnification of Issuer and the Trustee. The Lessee shall, indemnify and save the Issuer and the Trustee and the officers, members, directors, agents, employees and attorneys of each harmless against and from all claims by or on behalf of any person, firm, corporation or governmental entity arising from the conduct or management of, or from any work or thing done on, the Project during the Lease Term, and against and from all claims arising during the Lease Term from (a) any condition of the Project, (b) any breach or default on the part of the Lessee in the performance of any of its obligations under this Lease, (c) any contract entered into in compliance with the provisions of Section 4.1 hereof in connection with the acquisition of the Project, (d) any act of negligence of the Lessee or of any of its agents, contractors, servants, employees or licensees, (e) any act of negligence of any assignee or sublessee of the Lessee, or of any agents, contractors, servants, employees or licensees of any assignee or sublessee of the Lessee, and (f) in the case of the Issuer and the Trustee and the respective officers, members, directors and agents of each, against and from any loss, liability, expense or claim arising under or in connection with the acceptance or administration of the Trust Estate or the performance by the Trustee of its duties and obligations under the Indenture.

The Lessee shall indemnify and save the Issuer and the Trustee and the officers, members, directors, agents, employees and attorneys of each harmless from and against all costs and expenses incurred in or in connection with any action or proceeding brought on such claims. Nothing contained herein shall require the Lessee to indemnify the Issuer and the Trustee and the officers, directors, agents, employees and attorneys of each for any claim or liability resulting from the Issuer's or the Trustee's own willful acts or gross negligence. The Issuer or the Trustee shall reimburse the Lessee for payments made by the Lessee pursuant to this Section 6.9 to the extent of any proceeds, net of all expenses of collection, actually received by either such party from any insurance covering such claims with respect to the losses sustained. The Issuer or the Trustee, as applicable, shall promptly claim any such insurance proceeds and shall assign its rights to such proceeds, to the extent of such required reimbursement, to the Lessee.

In case any action shall be brought against the Issuer or the Trustee in respect of which indemnity may be sought against the Lessee pursuant to this Section 6.9, the Issuer or the Trustee, as applicable, shall promptly notify the Lessee in writing and the Lessee shall have the right to assume the investigation and defense thereof including the employment of counsel and the payment of all expenses. Failure to give any such notice shall not affect the right of the Issuer or Trustee, as applicable, to receive the indemnification provided herein; unless such failure resulted from the gross negligence or willful misconduct of the Issuer or the Trustee, such failure could not be remedied and the result of such failure is that the interests of the Lessee were materially and adversely affected as a direct result of such failure. The Issuer or the Trustee, as applicable shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, but the fees and expenses of such counsel shall be paid by the Issuer or the Trustee unless (i) the employment of such counsel has been authorized by the Lessee or, (ii) the Lessee shall have failed promptly after receiving notice of such action from the Issuer or the Trustee, as applicable, to assume the defense of such action and employ counsel reasonably satisfactory to the Issuer or the Trustee, as applicable, or (iii) the named parties to any such action (including any impleaded parties) include both the Issuer or the Trustee, as applicable, and the Lessee or an affiliate of the Lessee, and the Issuer or the Trustee, as applicable, shall have been advised by counsel that there may be one or more legal defenses available to such party which are different from or in addition to those available to the Lessee or affiliate of the Lessee or (iv) the Issuer or the Trustee, as applicable, shall have been advised by counsel that there is a conflict on any legal issue between the Issuer or the Trustee, as applicable, and the Lessee (in which case, if the Issuer or the Trustee, as applicable, notifies the Lessee in writing that it elects to employ separate counsel at the expense of the Lessee, the Lessee shall not have the right to assume the defense of such action or proceeding on behalf of the Issuer or the Trustee, as applicable). The Lessee shall not be liable for any settlement of any such action without its consent but, if any such action is settled with the consent of the Lessee or if there be a final unappealable judgment for the plaintiff in any such action, the Lessee agrees to indemnify and hold harmless the Issuer and the Trustee and the officers, directors, agents, employees and attorneys of each from and against any loss by reason of such settlement or judgment. Nothing herein shall be construed as requiring the Issuer or the Trustee to acquire or maintain insurance of any form or nature with respect to the Project or any portion thereof or with respect to any phrase, term, provision, condition or obligation of this Lease or any other matter in connection herewith.

The obligations of the Lessee under this Section 6.9 shall survive the termination of this Lease and the satisfaction and discharge of the Indenture or the sooner resignation or removal of the Trustee thereunder and shall continue in full force and effect, binding the Lessee to the provisions of this Section 6.9 without regard to the manner of termination of this Lease.

## ARTICLE VII

### DAMAGE, DESTRUCTION AND CONDEMNATION

**Section 7.1 Damage and Destruction.** Unless otherwise provided in any Superior Security Document, or unless the Lessee shall have exercised its options to prepay the Bonds in whole, terminate the Lease Term and purchase the Project, if prior to Payment in Full of the Bonds the Project is damaged or destroyed by fire or other casualty, the Lessee shall be obligated to continue to make the Rental Payments specified in Section 5.3 hereof and subject to Section 6.1 hereof and at the written direction of 100% of the Bonds outstanding, shall promptly replace, repair, rebuild or restore the property damaged to substantially the same condition as existed prior to the event causing such damage, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not impair operating unity of the Project or change its character to such an extent that its ownership by the Issuer would not be permitted under the Act. Issuer hereby acknowledges and agrees that Issuer shall have no right to settle any claim with regard to any damage or destruction of the Project without Lessee's written approval, which approval may be granted or withheld in Lessee's sole and absolute discretion.

**Section 7.2 Condemnation.** Unless otherwise provided in any Superior Security Document, or unless the Lessee shall have exercised its options to prepay the Bonds in whole, terminate the Lease Term and purchase the Project, if the title in and to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Lessee shall be obligated to continue to make the rental payments specified in Section 5.3 hereof, and, to the extent the Lessee deems it necessary, shall cause the restoration of the Project to substantially the same condition as it existed prior to the exercise of the said power of eminent domain, or shall acquire and install other machinery, equipment or related property suitable for the Lessee's operations at the Project, title to which machinery, equipment or related property will be conveyed to the Issuer by bill of sale, subject to a first priority security interest in favor of the holder of a Superior Security Document if any Superior Security Document is outstanding, and which will be deemed a part of the Project and available for use and occupancy by the Lessee without the payment of any rent other than the payments specified in Section 5.3 hereof.

**Section 7.3 Proceeds of Insurance and Condemnation Awards.** All Net Proceeds of casualty insurance resulting from claims for such losses and all Net Proceeds of any condemnation award shall be paid to the Lessee, unless otherwise required by any Superior Security Document.

## ARTICLE VIII

### SPECIAL COVENANTS

Section 8.1 No Warranty of Condition or Suitability by the Issuer. THE ISSUER MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION OF THE PROJECT OR THAT IT WILL BE SUITABLE FOR THE LESSEE'S PURPOSES OR NEEDS. The Lessee releases the Issuer from, agrees that the Issuer shall not be liable for and agrees, to the extent permitted by applicable law, to hold the Issuer harmless against, any loss that may be occasioned by the condition of the Project or its suitability for the Lessee's purposes or needs.

Section 8.2 Inspection of Project; Right of Access to the Project by the Issuer. The Lessee agrees that upon at least 48 hours' written notice to the Lessee and any subtenant, the Issuer, the Trustee or any of their duly authorized agents who are acceptable to the Lessee, shall have the right at all reasonable times during business hours, to enter upon, examine and inspect the Project, provided that such inspection shall not result in any interference or prejudice to the Lessee's operations and subject to any reasonable restriction imposed by the Company or such subtenant for the protection of its patents, trademarks, trade secrets and other confidential proprietary information. If the Lessee is not in default hereunder, such inspection shall only be made in the presence of an official of the Lessee. The Lessee further agrees that the Issuer and its duly authorized agents shall have such reasonable rights of access to the Project as may be reasonably necessary to cause to be completed the acquisition provided for in Section 4.1 hereof.

Section 8.3 Lessee to Maintain Its Existence; Exceptions Permitted. The Lessee agrees that as long as the Bonds, or any portion thereof shall remain Outstanding, it shall maintain its existence as a limited liability company, and shall not merge or consolidate with any other entity and shall not transfer or convey all or substantially all of its property, assets and licenses; provided however, that if no Superior Security Document is outstanding, the Lessee may without violating any provisions of this Lease consolidate with or merge into another corporation, as defined in Section 1.1 hereof, or permit one or more corporations to consolidate with or merge into it or may transfer or convey all or substantially all of its assets to another corporation, but only on the condition that the assignee corporation or the corporation resulting from or surviving such merger or consolidation (if other than the Lessee) or corporation to which such transfer is made, is then solvent and shall expressly assume in writing and agree to pay and to perform all of the Lessee's obligations under this Lease. If the Lessee is the surviving corporation in such a merger the express assumption shall not be required.

Section 8.4 Qualification in Georgia. The Lessee warrants (except as may be otherwise permitted pursuant to the provisions of Section 8.3 above) that it is and throughout the Lease Term it will continue to be qualified to do business in the State of Georgia.

Section 8.5 Further Assurances and Corrective Instruments. The Issuer agrees that it will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements and amendments hereto and such further instruments as may reasonably be required for carrying out the intention or facilitating the performance of this Lease, including, without limitation, the execution, delivery and performance of the Issuer Documents and issuance of the Bonds.

The Lessee may cause this Lease or an amendment to the memorandum of the Lease, in form and substance satisfactory to the Lessee, in the Lessee's reasonable judgment, to be kept, recorded and filed in such manner and in such places as may be required by law to fully evidence, preserve and protect the leasehold estate of the Lessee hereunder, and the Issuer shall be a party to any such document

Section 8.6 Granting and Release of Easements; Amending or Modifying Easements. The Lessee may at any time or times cause to be granted easements, licenses, rights-of-way (temporary or perpetual and including the dedication of public highways), and other rights or privileges in the nature of easements with respect to any property included in the Project and such grant will be free from the lien or Security Interests created by the Indenture or this Lease, or the Lessee may cause to be amended, modified or released existing easements, licenses, rights-of-way and other rights or privileges in the nature of easements, held with respect to any property included in the Project with or without consideration, and the Issuer agrees that it shall execute and deliver and will cause the Trustee to execute and deliver any instrument necessary or appropriate to confirm and grant, amend, modify or release any such easement, license, right-of-way or other right or privilege upon receipt of: (i) a copy of the instrument of grant, amendment, modification or release, (ii) a written application of the Lessee signed by an Authorized Lessee Representative requesting such instrument and stating (1) that such grant, amendment, modification or release is not detrimental to the proper conduct of the business of the Lessee, and (2) that such grant, amendment, modification or release will not impair the effective use or materially interfere with the operation of the Project and will not materially diminish or impair the security intended to be given by or under this Lease or the Indenture, and (iii) during the time any Superior Security Document or any Leasehold Security Deed is outstanding, as and to the extent permitted any Superior Security Document or any Leasehold Security Deed.

Section 8.7 Release of Certain Land. Notwithstanding any other provision of this Lease, the parties hereto reserve the right at any time and from time to time by mutual agreement and as and to the extent permitted by any Superior Security Document or any Leasehold Security Deed, at any time any Superior Security Document or any Leasehold Security Deed is outstanding, to amend this Lease for the purpose of effecting the release of and removal from this Lease (i) of any unimproved part of the Land (on which the Improvements are not located but on which parking, transportation, utility facilities or other support facilities may be located) on which the Issuer proposes to construct improvements for lease under another and different lease agreement or (ii) of any part of the Land with respect to which the Issuer proposes to convey a fee or other title to a railroad or other public body or quasi-public body or to a public utility in order that transportation facilities or services by rail, water, road or other means or utility services for the Project, for the benefit of the Lessee, may be provided, increased or improved; provided, that if at the time any such amendment is made any of the Bonds are Outstanding and unpaid, there shall be deposited with the Trustee the following:

(a) A copy of the amendment in substantially the form attached as Exhibit “E”, as executed or such other form as may be mutually satisfactory to the Issuer and Lessee.

(b) A certificate of the Lessee (i) stating that the Lessee is not in default under any of the provisions of this Lease, (ii) giving an adequate legal description of that portion of the Land to be released, (iii) stating the purpose for which the Lessee desires the release, (iv) stating that the improvements which will be constructed or the facilities and services which will be provided, increased or improved will be such as will promote the purposes for which the Issuer was created, and (v) requesting such release.

(c) An opinion of Counsel to the Lessee that all necessary action required under its organizational documents has been taken to authorize and approve such amendment.

(d) A certificate of an Authorized Lessee Representative, dated not more than sixty (60) days prior to the date of the release and stating that, in the opinion of the person signing such certificate, the release so proposed to be made will not materially impair the utility of the Project and will not destroy the means of ingress thereto and egress therefrom.

No release effected under the provisions hereof shall entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

Section 8.8 Reports by Lessee. The Lessee agrees if any of the Bonds are Outstanding and owned and permitted to be owned under the Indenture by an entity which is not the Lessee or a parent, affiliate or subsidiary of the Lessee or a holder of a Superior Security Document or a Leasehold Mortgagee, and if the Lessee is required by law to file the reports described below, to furnish to the Trustee (for inspection by any owner of the Bonds or any portion thereof or an authorized representative of such Bondholder):

(a) Not later than one hundred (100) days after the end of each fiscal year of the Lessee, the Lessee’s Annual Report to the Commission on Form 10-K (or any successor form) for the Lessee’s most recent fiscal year then ended, excluding any exhibits and excluding any documents incorporated by reference therein, other than (if applicable) the audited financial statements appearing in the Lessee’s annual report to stockholders for the Lessee’s most recent fiscal year then ended (such Form 10-K or successor form, subject to such exclusion, being hereinafter called the “Form 10-K”), the Form 10-K to contain audited financial statements prepared in accordance with the requirements of such form, or, if the Lessee is not required to file the Form 10-K with the Commission, audited annual financial statements of the Lessee, for the Lessee’s most recent fiscal year then ended, which financial statements will be prepared in accordance with generally accepted accounting principles; and

(b) Not later than ninety (90) days after the end of each fiscal quarter of the Lessee, the Lessee's Quarterly Report to the Commission on Form 10-Q (or any successor form) for the Lessee's most recent fiscal quarter then ended, excluding any exhibits and excluding any documents incorporated by reference therein, such Form 10-Q to contain unaudited financial statements prepared in accordance with the requirements of such form, or, if the Lessee is not required to file the Form 10-Q with the Commission, unaudited financial statements of the Lessee, for the Lessee's most recent fiscal quarter then ended. The Trustee shall have no duty to review or analyze such reports and shall hold such reports solely as a repository for the benefit of the bondholders; the Trustee shall not be deemed to have notice of any information contained therein or event of default which may be disclosed therein in any manner.

**Section 8.9 Filing of Certain Continuation Statements.** Pursuant to Section 1214 of the Indenture, upon written request of the owners of a majority in principal amount of the Bonds, from time to time, the Trustee shall duly file or cause to be filed continuation statements for the purpose of continuing without lapse the effectiveness of (i) those Financing Statements which shall have been filed at or prior to the issuance of the Bonds in connection with the security for the Bonds pursuant to the authority of the Uniform Commercial Code of Georgia, and (ii) any previously filed continuation statements which shall have been filed as herein required. The Lessee shall sign (if necessary) and deliver to the Issuer or its designee and the Issuer shall sign and deliver (if necessary) to the Trustee such continuation statements as may be requested of it from time to time by the Trustee. Upon the filing of any such continuation statement the Trustee shall immediately notify the Lessee and the Issuer that the same has been accomplished.

**Section 8.10 Compliance with Laws.** The Lessee agrees that it will comply with any applicable law, ordinance, rule or regulation of any governmental authority with respect to its use of the Project other than such as the Lessee is contesting in good faith and by appropriate proceedings.

**Section 8.11 Permitted Contests.** The Lessee may, at its expense and in its name and behalf or in the name and behalf of the Issuer, in good faith contest any:

- (a) taxes, assessments and other charges referred to in Section 6.3 hereof; or
- (b) regulations or other requirements referred to in Section 8.10 hereof.

In the event of such contest, the Lessee may permit said taxes, assessments or other charges so contested to remain unpaid and undischarged during the period of such contest and any appeal therefrom, unless by nonpayment of any such items, the Project or any part thereof is liable to be subject to loss or forfeiture, in which case (unless bonded or superseded in a manner reasonably satisfactory to the Issuer), the Lessee shall promptly pay such items or cause such items to be satisfied and discharged.

No such contest shall subject the Issuer to the risk of any material civil liability (other than the charge being contested) or any criminal liability, and the Lessee shall give such reasonable security to the Issuer as may be demanded by the Issuer to ensure compliance with the foregoing provisions of this Section.

**Section 8.12 Special Covenants Related to Ad Valorem Taxation.** The Issuer represents and warrants that under the provisions of existing law, the Issuer is required to pay no ad valorem taxes or similar taxes upon any property owned by it in fee simple, including the Project. The Lessee acknowledges that it may be required to pay ad valorem taxes based upon the value of its leasehold estate in the Project.

The Lessee has consulted with the Assessors with reference to the ad valorem tax treatment of the Lessee's interest in the Project during the Lease Term and the Issuer and the Lessee expect that ad valorem taxes will be assessed against the Project on the basis of the leasehold interest held by the lessee as determined pursuant to the uniform assessment methodologies applied by the Fulton County Board of Assessors. The Lessee and the Issuer agree to cooperate with each other and with the Assessors with respect to such matters, including the manner from time to time reasonably required by the Issuer or the Assessors for the conveyance of title to the Improvements and the Land which is a part of the Project.

**Section 8.13 Special Environmental Indemnification.**

(a) The Lessee agrees to and shall indemnify, hold harmless, and defend the Issuer and Trustee, its officers, members, directors, agents, and employees from and against any and all claims, losses, damages, expenses, causes of action, lawsuits, government regulatory enforcement actions, and liability (individually, a "Claim," collectively, "Claims") asserted against the Issuer arising out of alleged or actual "environmental contamination" (hereinafter defined) arising from the condition of the Leased Land or the Lessee's leasing and operation of the Project.

(b) "Environmental contamination" as used herein shall mean damages to persons or property or violations of state or federal environmental laws or regulations arising out of the Lessee's past operations at the Project or the operations of the Lessee at any time at the Project with respect to but not limited to air emissions, water effluent discharges, and waste generation, transportation, storage, disposal, or the handling of hazardous materials.

(c) The Issuer shall notify the Lessee in writing within thirty (30) days after any Claim is made, brought, or asserted, in any event, in writing, against the Issuer, and as to which the Issuer has actual knowledge by receipt of such written notification. The Lessee shall similarly notify the Issuer in writing within thirty (30) days after any Claim is made, brought, or asserted against the Lessee.

(d) The Issuer shall fully cooperate with the Lessee, including but not limited to, assisting the Lessee in the preparation of a defense to Claims when and as the Lessee fulfills its obligations under this Section of the Lease. In the event the Issuer provides notice to the Lessee under subsection (c) above, the Lessee shall handle and control the defense of all Claims and the Lessee's decision on litigation and settlement and all other such aspects shall be final; provided, however, no settlement or decision shall impose upon the Issuer by apportionment or otherwise, any loss, damage or liability as a result thereof.

(e) The Issuer shall use its best efforts to deliver the notice specified in subsection (c) above within a period of thirty (30) days after the Issuer has direct knowledge (by receipt of written notice or otherwise) of a Claim.

(f) The provisions of this Section 8.13 shall survive the termination of this Lease and shall continue in full force and effect, binding the Lessee to the provisions of this Section 8.13 without regard to the manner of termination of this Lease.

**Section 8.14 Resolution of Disputes.** The Lessee agrees that it will respond to the Issuer within fifteen (15) days after notice from the Issuer of any dispute, lawsuit or lien (other than a Superior Security Document) relating in any way to the Project and will cooperate fully with the Issuer to resolve such dispute. If any lien (other than a Superior Security Document) placed on the Project is not removed within ninety (90) days, the Lessee, upon the written request of the Issuer, shall dissolve such lien by the filing of lien dissolution bond pursuant to O.C.G.A. Section 44-14-364.

ARTICLE IX

ASSIGNMENT, SUBLEASING, PLEDGING AND SELLING;  
REDEMPTION; RENT PREPAYMENT AND ABATEMENT

Section 9.1 Assignment and Subleasing. Except as set forth in Sections 9.7 and 9.8 below, this Lease may not be assigned, in whole or in part, by the Lessee without the consent of (i) the Issuer, (ii) the holder of a Superior Security Document or any Leasehold Mortgagee in its sole discretion at any time any Superior Security Document or Leasehold Security Deed is outstanding, and (iii) the Trustee or the owners of a majority in principal amount of the Bonds Outstanding, which consents of Issuer and Trustee shall not be unreasonably withheld, conditioned or delayed; provided, however, that this Lease may be assigned in whole or in part without such consents, (1) to any entity controlled, controlling or under common control with the Lessee or to any successor to substantially all of the business of the Lessee or (2) in connection with any sale/leaseback or other arrangement entered into by the Lessee in connection with a financing transaction, only with the prior written consent of any holder of a Superior Security Document and any Leasehold Mortgagee, in its sole discretion, at any time any Superior Security Document or Leasehold Mortgagee is outstanding. Any such assignment is further subject to the following conditions:

(a) The Lessee shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Issuer and to the Trustee a true and complete copy of each such assignment, together with any instrument of assumption executed by the assignee (which shall become the "Lessee" hereunder);

(b) Upon such assignment and assumption, the Lessee that is the assignor shall not be relieved of any of its obligations and covenants under this Lease and said Lessee and the assignee "Lessee" shall be jointly and severally obligated hereunder, unless (i) all owners of the Bonds that are then Outstanding under the Indenture and the holder of a Superior Security Document and any Leasehold Mortgagee shall have consented in writing to such release, or (ii) if the Lessee is the owner of all Bonds and there is no holder of a Superior Security Document or Leasehold Mortgagee of the Project; and

(c) If any required consents to a release of the Lessee is obtained or is not required, as provided in (b) above, then upon such assignment and assumption, the Lessee which is the assignor shall be relieved of all obligations and covenants under this Lease with respect to the Project and the Bonds and the assignee shall thereafter be obligated hereunder as the "Lessee" of the Project.

The Project or any portion thereof may be subleased, in part, without the consent of the Issuer or of the Trustee, but no sublease shall relieve the Lessee of any of its obligations hereunder.

**Section 9.2 Restrictions on Sale of Project by Issuer.** The Issuer agrees that, except as otherwise permitted under the terms of this Lease or the Indenture, it will not mortgage, sell, assign, transfer, convey or otherwise encumber the Project or any portion thereof or its interest in this Lease during the Lease Term and that it will not, unless legally required to do so, take any other action which results in the levy or assessment of ad valorem taxes on the Project or the Lessee's leasehold interest in the Project, except as otherwise provided herein. If the laws of the State of Georgia at the time require or permit such action to be taken, nothing contained in this Section 9.2 shall prevent the consolidation of the Issuer with, or the merger of the Issuer into, or the transfer of the Project as an entirety to, any public entity whose property and income are not subject to taxation and which has the authority to carry on the business of owning and leasing the Project; provided, (a) that no such action shall be taken without the prior written consent of the Lessee, the Trustee and the Bondholders, unless such action shall be required by law, and (b) that upon any such consolidation, merger or transfer, the due and punctual payment of the principal of and interest on the Bonds according to their tenor, and the due and punctual performance and observance of all the agreements and conditions of this Lease to be kept and performed by the Issuer, shall be assumed (either as a matter of law or by express written assumption agreement) by the entity resulting from such consolidation or surviving such merger or to which the Project shall be transferred as an entirety.

**Section 9.3 Prepayment of Bonds.** The Issuer, at the request at any time of the Lessee and if the same are then redeemable, shall forthwith take all steps that may be necessary under the applicable prepayment provisions of the Indenture to effect prepayment of all or any portion of the Bonds, as may be specified by the Lessee, on the earliest prepayment date on which such prepayment may be made under such applicable provisions of such Bonds or the Indenture. So long as the Lessee is not in default hereunder and the Issuer is not obligated to prepay the Bonds pursuant to the terms of the Indenture, the Issuer shall not redeem any Bonds prior to their maturity unless requested in writing by the Lessee. The Lessee agrees to give notice to the Issuer and the Trustee of any prepayment at least forty-five (45) days prior to the prepayment date or such shorter period of time as may be acceptable to the Issuer and the Trustee unless the holders of the Bonds waive, in writing, notice of such prepayment.

**Section 9.4 Prepayment of Rents.** There is expressly reserved to the Lessee the right, and the Lessee is authorized and permitted, at any time it may choose, so long as it is not in default hereunder, to prepay all or any part of the rents payable under Section 5.3 hereof, and the Issuer agrees that the Trustee may accept such prepayment when the same is tendered by the Lessee. All prepaid rents shall be credited on the rents specified in Section 5.3, in the chronological order of their due dates.

**Section 9.5 Rent Abatements if Bonds Paid Prior to Maturity.** If at any time the aggregate moneys in the Bond Fund are sufficient to retire or defease, in accordance with the terms of the Indenture, all of the Outstanding Bonds and to pay all Ordinary Expenses of the Trustee due or to become due through the date on which the last of the Bonds is to be paid and retired, under circumstances not resulting in termination of the Lease Term, and if the Lessee is not at the time otherwise in default hereunder, the Lessee shall be entitled to use and occupy the Project from the date on which such aggregate moneys are in the Bond Fund to and including midnight on January 1, 2022, without the payment of rent during that interval (but otherwise on the terms and conditions hereof).

**Section 9.6 Reference to Bonds Ineffective After Bonds Paid.** Upon Payment in Full of the Bonds and all fees, charges and expenses of the Trustee, all references in this Lease to the Bonds and the Trustee shall be ineffective and neither the Trustee nor the holders of any of the Bonds shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested. Reference is hereby made to Sections 1001 and 1002 of the Indenture which sets forth the conditions upon the existence or occurrence of which Payment in Full of the Bonds shall be deemed to have been made.

Section 9.7 Leasehold Security Deeds / Cooperation of Issuer. Lessee is hereby given the right by the Issuer to mortgage and/or give security interests in this Lease under one or more leasehold deeds to secure debt relating to the Project, the rents and Net Proceeds therefrom as the same may be amended, modified, consolidated or extended (each such leasehold deed to secure debt (including any assignment of rents and leases or other similar documents) and amendment, modification, consolidation or extension being herein called a "Leasehold Security Deed") and may assign this Lease to a lender as collateral security under any such permitted Leasehold Security Deed.

The Issuer shall, at Lessee's written request, join in any such new Leasehold Security Deed or execute a separate security deed in order to subject its fee interest in the Project described therein, and the rents and Net Proceeds therefrom, to the lien of such Leasehold Security Deed or separate security deed provided that such Leasehold Security Deed or separate security deed shall be fully non-recourse to the Issuer and the Issuer shall deliver such other documents or instruments as the holder of the Leasehold Security Deed or separate security deed shall reasonably require in connection therewith.

If Lessee shall give a permitted Leasehold Security Deed with respect to the Project, Lessee shall provide the Issuer and the Trustee with notice of the Leasehold Security Deed and the name and address of the Leasehold Mortgagee, and the Trustee shall subordinate its interest in the Trust Estate to the lien of such Leasehold Security Deed. Subject to compliance with law, the Issuer agrees that following receipt of such notice by the Issuer, and so long as the Leasehold Security Deed shall not be discharged or reconveyed, or until written notice of discharge and reconveyance is given by the Leasehold Mortgagee to the Issuer and to the Trustee, the following provisions shall apply with respect to this Lease:

(a) No termination, cancellation, surrender or modification of this Lease by Lessee, including, without limitation, any amendment, supplement or modification to the Project Summary or Exhibit "A" to the Lease, nor the waiver by Lessee of any of the provisions of this Lease nor the giving by Lessee of any consent, shall be effective as to the Leasehold Mortgagee unless consented to in writing by the Leasehold Mortgagee.

(b) The Issuer or the Trustee, upon providing Lessee any notice of (i) default under this Lease or (ii) a matter on which the Issuer or the Trustee may predicate or claim a default, shall at the same time provide a copy of such notice to the Leasehold Mortgagee of which the Issuer and Trustee have been provided notice as provided above. The Issuer and the Trustee shall have no liability for the failure to give any such notice, except that no such notice by the Issuer or by the Trustee to Lessee shall be deemed to have been duly given to Lessee or the Leasehold Mortgagee unless and until a copy thereof has been so provided to the Leasehold Mortgagee of which the Issuer and the Trustee have been provided notice as provided above.

(c) So long as the Leasehold Security Deed is in effect and has not been canceled, unless the Leasehold Mortgagee shall otherwise expressly consent in writing, the fee simple title in and to the Project held by the Issuer and the leasehold estates of Lessee created by this Lease shall not merge but shall remain separate and distinct, notwithstanding the acquisition of said fee simple title and said leasehold estate by the Issuer or by Lessee or by a third party, by purchase or otherwise.

(d) Notices from the Issuer or from the Trustee to the Leasehold Mortgagee shall be mailed to the address furnished to the Issuer and Trustee, as aforesaid, and those from the Leasehold Mortgagee to the Issuer or to the Trustee shall be mailed to the address designated pursuant to the provisions of this Lease. Such notices, demands and requests shall be given in the manner described in this Lease.

(e) In the event of any proceeding by either the Issuer or Lessee under the United States Bankruptcy Code (Title 11 U.S.C.) as now or hereafter in effect:

(i) If this Lease is rejected as to the Project in connection with a bankruptcy proceeding by Lessee or a trustee in bankruptcy for Lessee, (1) such rejection shall be deemed an assignment by Lessee to the Leasehold Mortgagee of the leasehold estate in the Project and all of Lessee's interest under this Lease, (2) this Lease shall not terminate, and (3) the Leasehold Mortgagee shall have all rights of the Leasehold Mortgagee under this Section 9.7 as if such bankruptcy proceeding had not occurred, unless the Leasehold Mortgagee shall reject such deemed assignment by notice in writing to the Issuer and to the Trustee within thirty (30) days following rejection of this Lease by Lessee or Lessee's trustee in bankruptcy. If any court of competent jurisdiction shall determine that this Lease shall have been terminated notwithstanding the terms of the preceding sentence as a result of rejection by Lessee or the trustee in bankruptcy in connection with any such proceeding, the Issuer shall promptly, within a reasonable time, provide the Leasehold Mortgagee with written notice that this Lease has been terminated (for the purposes of this clause "(i)" a "New Lease Notice"). The Issuer agrees to enter into a new lease of the Project (for purposes of this clause "(i)", a "New Lease") with the Leasehold Mortgagee of the Project or its designee for the remainder of the Lease Term of this Lease, effective as of the date of termination, upon the terms, covenants and conditions of this Lease provided:

(A) The Leasehold Mortgagee shall make written request upon the Issuer for such New Lease within thirty (30) days after the date the Leasehold Mortgagee receives the New Lease Notice given pursuant to this subsection.

(B) Any New Lease made pursuant to this subsection shall have the same priority with respect to any lien, charge or encumbrance on the Project as this Lease, and the tenant under such New Lease shall have the same right, title and interest in and to the project as Lessee has under this Lease as of the date of such New Lease.

(ii) If this Lease is rejected by the Issuer or by the Issuer's trustee in bankruptcy:

(A) Lessee shall not have the right to treat this Lease as terminated except with the prior written consent of the Leasehold Mortgagee; and the right to treat this Lease as terminated in such event shall be deemed assigned to the Leasehold Mortgagee, whether or not specifically set forth in the Leasehold Security Deed, so that the concurrence in writing of Lessee and such Leasehold Mortgagee shall be required as a condition to treating this Lease as terminated in connection with such proceeding.

(B) Unless this Lease is treated as terminated in accordance with Subsection (ii)(A) above, then this Lease shall continue in effect upon all the terms and conditions set forth herein, but excluding requirements that are not then applicable or pertinent to the remainder of the Lease Term.

(f) The Issuer shall have no rights in and to the rentals payable to Lessee under any sublease(s) of all or any part of the Project, which rentals Issuer acknowledges may be assigned by Lessee to the Leasehold Mortgagee of the Project.

(g) The Issuer acknowledges that, in the event of damage to or taking of the improvements that are part of the Project due to casualty or condemnation, the Net Proceeds of casualty insurance or condemnation, as the case may be, may be required by the Leasehold Mortgagee to be applied to reduce the then balance of the indebtedness secured by the Leasehold Security Deed or may be required by Leasehold Mortgagee to be used for the restoration or replacement of such improvements. In the event of any conflict between the provisions of this Lease and the provisions of a Leasehold Security Deed with respect to application of the Net Proceeds of casualty insurance and condemnation, the provisions of the Leasehold Security Deed shall control.

(h) Notwithstanding any provisions of this Lease to the contrary, no default or event of default under the Leasehold Security Deed or any other document or instrument evidencing or securing the indebtedness secured by the Leasehold Security Deed will, in and of itself, constitute a default or Event of Default under this Lease unless the Leasehold Mortgagee directs that the same be treated as an Event of Default under this Lease.

(i) (i) Issuer acknowledges that, if the Leasehold Mortgagee or any other party succeeds to the interest of Lessee in the Project under this Lease as a result of foreclosure proceedings or sale under a power of sale or the granting of a deed in lieu of foreclosure, the Leasehold Mortgagee or any such other party, and any transferee of Leasehold Mortgagee or such other party (each, a "Successor Tenant"), shall become a substituted Lessee under this Lease without necessity of any consent of, approval by or notification to Issuer or Trustee. Without the consent of Issuer or the Trustee, the Successor Tenant shall have the right to sell and assign its leasehold estate in the Project or sublease the Project as provided in Section 9.1 hereof without necessity of any consent of, approval by or notification to Issuer. As used in this Lease, the terms "Leasehold estate" or "leasehold" shall mean the estate in the Project created by this Lease.

(ii) The Successor Tenant shall be required to assume such Lessee's obligations under this Lease, and shall be deemed to have agreed to perform all of such Lessee's obligations hereunder only from and after the date of such acquisition and only for so long as such Successor Tenant is the owner of the leasehold estate. The Successor Tenant shall, upon any subsequent assignment of the leasehold estate and the assumption by such assignee of this Lease in writing, be relieved of all obligations under this Lease.

(iii) So long as any Successor Tenant is the owner of the leasehold estate, the Issuer and the Trustee shall look solely to the interest of such Successor Tenant in the Project in the event of the breach or default by such Successor Tenant under the terms of this Lease and any judgment or decree to enforce the obligations of such Successor Tenant shall be enforceable only to the extent of the interest of such Successor Tenant in the Project.

(iv) Upon the request of any such Successor Tenant, Issuer agrees to enter into a new, separate direct lease for the Project with any such Successor Tenant for the remainder of the term remaining hereunder at the same rent and having the same other provisions as this Lease, as theretofore amended.

(j) As long as a Leasehold Mortgagee (including any successor or assign) holds a Leasehold Security Deed:

(i) That Leasehold Mortgagee may, but shall not be obligated to, cure any default by the Lessee under this Lease within sixty (60) days after Leasehold Mortgagee's receipt of Issuer's or Trustee's default notice; provided, however, that if any non-monetary default reasonably cannot be cured within such sixty (60) day-period, the same shall be deemed to have been timely cured if that Leasehold Mortgagee commences reasonably appropriate curative action within such sixty (60) day-period and diligently prosecutes same to completion thereafter. If any such non-monetary default reasonably cannot be cured by Leasehold Mortgagee without Leasehold Mortgagee obtaining possession of the Project, such sixty (60) day cure period shall not commence until Leasehold Mortgagee obtains possession of the Project, as long as all rent payments are made and all other defaults which reasonably can be cured by Leasehold Mortgagee without Leasehold Mortgagee obtaining possession of the Project are so cured, and provided that Leasehold Mortgagee commences to exercise any rights under its Leasehold Security Deed to obtain possession or to effect foreclosure on the Project, and diligently pursues the exercise of such rights thereafter.

(ii) Notwithstanding anything in this Lease to the contrary, if any, default by the Lessee under this Lease is of such a nature that it reasonably cannot be cured by such Leasehold Mortgagee, or reasonably cannot be cured by such Leasehold Mortgagee without such Leasehold Mortgagee obtaining possession of the Project, neither the Issuer nor the Trustee shall terminate this Lease as long as all rent payments are made with respect to the Project and all other defaults which reasonably can be cured by such Leasehold Mortgagee without obtaining possession of the Project are so cured.

(iii) Such Leasehold Mortgagee may exercise any renewal option or any purchase option relating to the Project to which the Lessee under the Lease is now or hereafter entitled under this Lease.

(iv) Neither the Issuer nor the Trustee shall terminate this Lease as to the Project without first giving the Leasehold Mortgagee (i) written notice of its intent to terminate this Lease and (ii) a reasonable period after such notice in which to obtain possession of the Project or to effect foreclosure or otherwise acquire the leasehold estate from the Lessee and, within a reasonable time thereafter, to cure any default which is capable of being cured by such Leasehold Mortgagee without such Leasehold Mortgagee obtaining possession of the Project. If such Leasehold Mortgagee cures those defaults which reasonably can be cured by such Leasehold Mortgagee without obtaining possession of the Project, then Issuer will not terminate this Lease. Further, neither the Issuer nor the Trustee shall exercise any remedies for a default under this Lease as it relates to any property pledged under any Leasehold Security Deed without the prior written consent of the Leasehold Mortgagee which is the holder thereof.

(v) In addition to the rights of any Leasehold Mortgagee set forth in this Lease, if the Lease is terminated due to an Event of Default under this Lease, and if, after giving effect to the provisions of Section 10.2 of this Lease, as amended, or any other agreements or state of facts, the lien of the Leasehold Mortgagee's Leasehold Security Deed on the Project would be terminated, Issuer will enter into a new lease (for purposes of this clause "(v)", the "New Lease" with such Leasehold Mortgagee for the remainder of the term which was theretofore terminated at the same rent and having the same other provisions as this Lease, as theretofore amended). Such right may be exercised (whether under the provisions of this paragraph or under the provisions of this Lease) by written notice from the Leasehold Mortgagee to Issuer on or before the expiration of thirty (30) days after the receipt by the Leasehold Mortgagee of a written notice from Issuer (for the purposes of this clause "(v)", a "New Lease Notice") of such termination, which notice shall advise such Leasehold Mortgagee of such termination and expressly refer to the New Lease rights of such Leasehold Mortgagee under the provisions of this Lease. After any termination of this Lease after which such Leasehold Mortgagee has the right to obtain a New Lease as provided in this Section 9.7, for so long as such Leasehold Mortgagee has such right, Issuer shall not terminate any tenant subleases or the rights of any subtenant.

(vi) Within twenty (20) days after request by such Leasehold Mortgagee from time to time made, Issuer will execute and deliver to such Leasehold Mortgagee or to such other person or entity as may be specified by such Leasehold Mortgagee an estoppel certificate containing such information concerning this Lease as such Leasehold Mortgagee may reasonably request.

**Section 9.8 Exempt Assignment.** Notwithstanding anything to the contrary set forth in this Lease, Lessee may assign its interest in this Lease pursuant to an Exempt Assignment with the prior written consent of the Leasehold Mortgagee in its sole discretion at any time a Leasehold Security Deed is outstanding and without the approval of the Issuer, the Trustee or the owners of a majority in principal amount of the Bonds Outstanding; provided that, any assignee of the Lessee shall (i) agree to fully and unconditionally assume all obligations of the Lessee under the Lease, including, without limitation, all indemnity provisions contained in the Lease, and unless the Lease has expired or is otherwise terminated (ii) use its best efforts to meet the economic development goals of the Issuer for the Project, as originally agreed upon by the Issuer and the Company at the time of execution of the Lease, and (iii) furnish the Issuer and the Fulton County Board of Assessors, not more than seven days following such assignment, written notification of the name, address and appropriate contact person for such assignee, together with a description of such assignment transaction including consideration received by the Lessee in connection therewith.

(a) An "Exempt Assignment" means any of the following assignments:

(i) Any bona fide Leasehold Mortgage;

(ii) The acquisition by any Leasehold Mortgagee or its designee of the leasehold interest through the exercise of any right or remedy of such Leasehold Mortgagee under a bona fide Leasehold Mortgage, including any assignment of the leasehold interest to the Leasehold Mortgagee or its designee made in lieu of foreclosure;

(iii) Any foreclosure sale by any Leasehold Mortgagee pursuant to any power of sale contained in a bona fide Leasehold Mortgage;

(iv) Any sale or assignment of the Leasehold by any Leasehold Mortgagee (or its designee) which has acquired the Leasehold by means of any transaction described above;

(v) Any sale or assignment of the leasehold interest to any Qualified Real Estate Investor; and

(vi) Any sale or assignment of this Lease to any person or entity if (a) Lessee or the proposed assignee provides Adequate Financial Assurance (defined below) of the payment of rent and other financial obligations under the Lease for the period the proposed assignee is the Lessee under the Lease, and (b) the proposed assignee has sufficient commercial real estate experience with respect to housing to properly manage, or oversee the management of, the Project.

(b) "Institutional Investor" means any of the following persons or entities:

(i) Any savings bank, savings and loan association, commercial bank or trust company having shareholder equity (as determined in accordance with GAAP accounting) of at least \$50,000,000;

(ii) Any college, university, credit union, trust or insurance company having assets of at least \$50,000,000;

(iii) Any employment benefit plan subject to ERISA having assets held in trust of \$50,000,000 or more;

(iv) Any pension plan established for the benefit of the employees of any state or local government, or any governmental authority, having assets of at least \$50,000,000;

(v) Any limited partnership, limited liability company or other investment entity having committed capital of \$50,000,000 or more;

(vi) Any corporation, limited liability company or other person or entity having shareholder equity (or its equivalent for non-corporate entities) of at least \$50,000,000;

(vii) Any lender of substance which performs real estate lending functions similar to any of the foregoing, and which has assets of at least \$50,000,000; and

(viii) Any partnership having as a general partner any person or entity described in this Section 9.8(b) above, or any corporation, limited liability company or other person or entity controlling, controlled by or controlled with any person or entity described in Section 9.8(b) above.

(c) "Qualified Real Estate Investor" means any of the following:

(i) Any Institutional Investor; or

(ii) Any person or entity domiciled within the United States of America and having a minimum net worth of \$10,000,000, as certified by a reputable firm of certified public accountants, provided such person or entity has sufficient commercial real estate experience to properly manage, or oversee the management of, the Project.

(d) "Adequate Financial Assurance" means a guaranty of payment of the rent and other financial obligations of Lessee under the Lease made by a Qualified Real Estate Investor for the period of time that the proposed assignee is the Lessee under this Lease.

## ARTICLE X

### EVENTS OF DEFAULT AND REMEDIES

**Section 10.1 Events of Default Defined.** The following shall be Events of Default under this Lease:

- (a) failure by the Lessee to make any rental payments required under Section 5.3 hereof on or before the date that the payment is due and continuance of such failure for a period of five (5) business days after written notice thereof has been given to the Lessee;
- (b) failure by the Lessee to observe and perform any other material covenant, condition or agreement on its part under this Lease (other than as referred to in subsection (a) of this Section), for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, shall be given to the Lessee by the Trustee, unless the Issuer and the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Lessee will be afforded such additional time as shall be reasonably necessary to correct such failure, provided corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected; or
- (c) Failure by the Lessee to make any payment (including any fees or indemnification) to the Issuer or to the Trustee other than the payment of rent that is paid with respect to debt service on any of the Bonds and continuance of such failure for a period of thirty (30) days after written notice thereof has been given to Lessee; or
- (d) A default by the Lessee or the Issuer under any Leasehold Security Deed on the Project, if the Leasehold Mortgagee which holds the same directs the Issuer and the Trustee in writing to treat the same as an Event of Default on this Lease and specifies the remedies that are to be exercised.

The foregoing provisions of this Section 10.1 are subject to the following limitations: if by reason of *force majeure*, the Lessee is unable in whole or in part to carry out the agreements on its part herein contained, other than the obligations on the part of the Lessee contained in Sections 5.3, 6.3, 6.4 and 8.3 hereof, the Lessee shall not be deemed in default during the continuance of such inability. The term "*force majeure*" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States of America or of the State of Georgia or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Lessee. The Lessee agrees, however, to use all reasonable efforts to remedy with all reasonable dispatch the cause or causes preventing the Lessee from carrying out its agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Lessee, and the Lessee shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Lessee, unfavorable to the Lessee.

Section 10.2 Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Issuer, or the Trustee as provided in the Indenture, may take any one or more of the following remedial steps:

(a) declare all installments of rent payable under Section 5.3 hereof for the remainder of the Lease Term to be immediately due and payable, whereupon such rent shall become immediately due and payable. If the Issuer or the Trustee elects to exercise the remedy afforded in this Section 10.2(a) and accelerates all rents payable under Section 5.3 hereof for the remainder of the Lease Term, the amount then due and payable as accelerated rents shall be the sum of (1) the aggregate principal amount of the Outstanding Bonds, and (2) all interest on the Bonds accruing to the date of maturity by declaration;

(b) re-enter and take possession of the Project without terminating this Lease and without any liability to the Lessee for such entry and repossession, and sublease the Project for the account of the Lessee, holding the Lessee liable for the difference in the rents and other amounts payable by such sublessee in such subleasing and the rents and other amounts payable by the Lessee hereunder;

(c) the Trustee may exercise any remedies provided for in the Indenture and with respect to any Security Interest, the rights of a secured party under the U.C.C.; and

(d) take whatever action at law or in equity may appear necessary or desirable to collect the rents then due, or to enforce performance and observance of any obligation, agreement or covenant of the Lessee under this Lease.

Provided however, if the Project is subject to a Leasehold Security Deed, no remedies may be exercised by the Issuer or the Trustee without the prior written consent of the Leasehold Mortgagee that holds the same, except that the Trustee and the Issuer may seek a money judgment against Lessee for any fee, expenses, reimbursements or indemnification to which they are entitled under this Lease, the Indenture or any Guaranty Agreement.

Any amounts collected with respect to rent pursuant to action taken under this Section 10.2 shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture and after Payment in Full of the Bonds and the payment of any costs occasioned by an Event of Default hereunder, any excess moneys in the Bond Fund shall be returned to the Lessee as an overpayment of rent. Any enforcement of recovery under this Section shall be limited from and against the Lessee only and no claim or recovery may be made against any member, partner, officer, director or other beneficial owner of the Lessee.

The Issuer will not exercise any remedies (other than to seek a money judgment against Lessee for any fee, expenses, reimbursements or indemnification to which it is entitled under this Lease) without the prior written consent of a majority in principal amount of the Bonds Outstanding that financed the Project; provided, however, if the Project is encumbered by a permitted Leasehold Security Deed, the Issuer or the Trustee shall exercise such remedies as the Leasehold Mortgagee which holds that Leasehold Security Deed shall direct in writing.

Section 10.3 Remedies Exclusive. The remedies herein conferred upon or reserved to the Issuer or the Trustee are intended to be exclusive of any other available remedy or remedies, notwithstanding every other remedy now or hereafter existing at law or in equity or by statute. Such remedies as are given to the Issuer hereunder shall also extend to the Trustee, and the Trustee and the owners of the Bonds and each Leasehold Mortgagee shall be deemed to be third-party beneficiaries of all covenants and agreements contained in this Lease.

Section 10.4 Agreement to Pay Attorneys' Fees, Costs and Expenses. Should an Event of Default occur and the Issuer or the Trustee employ attorneys or incur other expenses for collection of rents or the enforcement of performance or observance of any obligation or agreement on the part of the Lessee herein contained, the Lessee agrees that it shall on demand therefor pay to the Issuer or the Trustee the reasonable fees, costs and expenses of such attorneys and such other reasonable expenses so incurred by the Issuer or the Trustee. The obligations set forth in this Section 10.4 shall survive the termination of this Lease.

Section 10.5 No Additional Waiver Implied by One Waiver. If any agreement contained in this Lease should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 10.6 Waiver of Appraisal, Valuation, Etc. If the Lessee should default under any of the provisions of this Lease, the Lessee agrees to waive, to the extent it may lawfully do so, the benefit of all appraisal, valuation, stay, extension or redemption laws now or hereafter in force, and all right of appraisal and redemption to which it may be entitled.

ARTICLE XI

OPTIONS IN FAVOR OF LESSEE

Section 11.1 Options to Terminate the Lease Term. The Lessee shall have the following options to terminate the Lease Term:

(a) At any time prior to Payment in Full of the Bonds, the Lessee may terminate the Lease Term by giving the Issuer and the Trustee notice in writing of such termination and by paying to the Trustee (or directly to owners of any Bonds which are subject to the terms of any home office payment agreement as provided in Section 208 of the Indenture) an amount which, when added to the funds in the Bond Fund, will be sufficient to pay, retire and prepay without premium or penalty all of the Outstanding Bonds in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, principal, interest to maturity or earliest applicable prepayment date, as the case may be, expenses of prepayment and the Trustee's fees and expenses), and, in case of prepayment, making arrangements satisfactory to the Trustee for the giving of the required notice of prepayment; or

(b) At any time after Payment in Full of the Bonds, the [Lessee may terminate the Lease Term by giving the Issuer notice in writing of such termination and such Termination shall forthwith become effective]; or

(c) At any time after the Lessee surrenders Bonds for cancellation, the [Lessee may terminate the Lease Term by giving the Issuer notice in writing of such termination and such termination shall forthwith become effective.]

Provided, however, if there is a permitted Leasehold Security Deed encumbering the Project, this Lease shall not be terminated without the prior written consent of the Leasehold Mortgagee that holds the same.

Section 11.2 Option to Purchase Project. The Lessee shall have, and is hereby granted, the option to purchase the Project prior to the expiration of the Lease Term and prior to the Payment in Full of the Bonds. To exercise such option, the Lessee shall give written notice to the Issuer specifying the date of closing such purchase, which date shall be not less than thirty (30) days from the date such notice is given, and shall make arrangements for the giving of the required notice of prepayment or surrender for cancellation of the Bonds in accordance with the provisions of the Indenture. In the event of a notice of prepayment, the amount which shall be paid to the Trustee (or directly to owners of any Bonds which are subject to the terms of any home office payment agreement as provided in Section 208 of the Indenture) by the Lessee in the event of its exercise of the option granted in this Section 11.2 shall be the sum of the following:

(1) an amount of money which, when added to the funds in the Bond Fund, will be sufficient to provide for the Payment in Full of the then Outstanding Bonds at par on the date specified by the Lessee for such prepayment including, without limitation, principal plus accrued interest thereon to said prepayment date, plus

(2) In the event of a notice of surrender of the Bond for cancellation, the amount which shall be paid shall be the sum of one dollar (\$ .00) which shall be paid by the Lessee to the Issuer.

Section 11.3 [Reserved.]

Section 11.4 Conveyance on Purchase. At the closing of any purchase pursuant to Article XI or Article XII hereof or pursuant to the exercise of any option to purchase granted herein, the Trustee will, upon the receipt of the purchase price paid by the Lessee and the tender of the Outstanding Bonds to the Trustee, deliver to the Lessee (or to its designee approved in advance by the Leasehold Mortgagee at any time any Leasehold Security Deed is outstanding) the Quitclaim Deed and Bill of Sale or similar documents requested by the Lessee conveying to the Lessee or its designee title in and to the property with respect to which such obligation or option was exercised, without other warranty of title, subject to the following, (i) those liens and encumbrances (if any) to which such title in and to said property was subject when conveyed to the Issuer, (ii) those liens and encumbrances created by the Lessee or to the creation or suffering of which the Lessee consented in writing, (iii) those liens, security interests and encumbrances resulting from the failure of the Lessee to perform or observe any of the agreements on its part contained in this Lease and (iv) Permitted Encumbrances other than the Indenture and this Lease.

If at the time the Indenture has not been satisfied in full, a release by the Trustee from the lien or Security Interest of the Indenture in the property with respect to which such purchase is being consummated shall also be delivered to the Lessee.

Section 11.5 Relative Position of Options and Indenture. The options respectively granted to the Lessee in this Article shall be and remain prior and superior to the Indenture and may be exercised whether or not the Lessee is in default hereunder, provided that such default will not result in non-fulfillment of any condition to the exercise of any such option.

ARTICLE XII

OBLIGATIONS OF LESSEE

Section 12.1 Obligation to Purchase Project. The Lessee hereby agrees to purchase and the Issuer hereby agrees to sell, the Project for one dollar (\$1.00) at the expiration or sooner termination of the Lease Term following Payment in Full of the Bonds. At any time subsequent to the expiration or sooner termination of this Lease, upon notice by the Lessee to the Trustee, as assignee of the Issuer, the Trustee, on behalf of the Issuer, shall upon receipt of the purchase price deliver to the Lessee those documents set forth in Section 11.4 hereof. The obligation specified in this Section 12.1 shall be and remain prior and superior to the Indenture and may be exercised whether or not the Lessee is in default hereunder provided that such default will not result in non-fulfillment of any condition to this right.

The provisions of this Section 12.1 shall survive the expiration or sooner termination of this Lease.



- (c) If to the Lessee: Ten Side Holdings, LLC  
c/o Tivoli Properties, Inc.  
One Overton Park, Suite 1150  
3625 Cumberland Boulevard  
Atlanta, Georgia 30339  
Attention: Scott L. Leventhal  
Facsimile: 404-961-4683
- with a copy to: Seyfarth Shaw LLP  
1545 Peachtree Street, NE  
Suite 700  
Atlanta, Georgia 30309  
Attention: Daniel M. McRae, Esq.  
Facsimile: 404-892-7056
- (d) If to the Trustee: The Bank of New York Mellon Trust Company, N.A.  
900 Ashwood Parkway, Suite 425  
Atlanta, Georgia 30338  
Attention: Corporate Trust Department  
Facsimile: 770-698-5195
- (e) If to the holder of a Superior Security Document: KeyBank National  
Association 127 Public Square  
Cleveland, Ohio 44114  
Attention: Commercial Real Estate Department

A duplicate copy of each notice, certificate or other communication given hereunder by either the Issuer, the Lessee or the Trustee shall be given to each of the others and to the holder of any Superior Security Document so long as such Superior Security Document has not been exchanged, reconveyed or released. The Issuer, the Lessee and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. The Trustee will accept and act upon instructions or directions pursuant to this Agreement sent by the Issuer or the Lessee sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Issuer and the Lessee, respectively, shall provide to the Trustee an incumbency certificate listing designated persons with the authority to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Issuer or the Lessee elect to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer and the Lessee each agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 13.2 Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Issuer, the Lessee and their respective successors and assigns.

Section 13.3 Severability. If any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.4 Amounts Remaining in Bond Fund. The parties hereto agree that, subject to and in accordance with the terms and conditions of Section 609 of the Indenture certain surplus moneys remaining in the Bond Fund shall belong to and be paid to the Lessee by the Trustee as an overpayment of rents.

Section 13.5 Amendments, Changes and Modifications. Except as otherwise provided in this Lease or in the Indenture, subsequent to the initial issuance of the Bonds and prior to Payment in Full of the Bonds, this Lease may only be amended, changed, modified, altered or terminated by the written agreement of the Issuer and the Lessee and may not be effectively amended, changed, modified, altered or terminated without the prior concurring written consent of the Trustee in accordance with the Indenture and the Leasehold Mortgagee at any time a Leasehold Security Deed is outstanding.

Section 13.6 Execution Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.7 Captions. The captions and headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this Lease.

Section 13.8 Recording of Lease, Memorandum of Lease or Short Form Lease. This Lease (or an amendment to the memorandum or short form lease relating to this Lease) and every assignment and modification hereof and thereof shall be recorded in the office of the Clerk of the Superior Court of Fulton County, Georgia, or in such other office as may be at the time provided by law as the proper place for such recordation.

Section 13.9 Law Governing Construction of Lease. This Lease shall be governed by, and construed in accordance with, the laws of the State of Georgia.

Section 13.10 Net Lease. This Lease shall be deemed a "net lease", and the Lessee shall pay absolutely net during the Lease Term the rents, revenues and receipts pledged hereunder, without abatement, deduction or set-off other than those herein expressly provided.

Section 13.11 Obligations Non Recourse. Notwithstanding any provision herein or in the Indenture or any Guaranty Agreement to the contrary, none of the officers, directors, shareholders, partners, members or other beneficial owners of Lessee shall be personally liable for the payment or performance of any of the Lessee's obligations hereunder, it being understood that the recourse of the Issuer, the owners of the Bonds and the Trustee and each of their successors and assigns under or in connection with this Lease, the Indenture and any Guaranty Agreement, as amended or supplemented from time to time, shall be limited to the Lessee (including the Lessee's interest in the Project), and the Issuer, the owners of the Bonds and the Trustee and any of their successors and assigns hereby waive any such liability.

**Section 13.12 Issuer's Obligations Limited.** No recourse under or upon any obligation, or agreement contained in this Lease or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute to otherwise or under any circumstances, under or independent of this Lease, shall be had against the Issuer or any director, member, officer, agent, attorney or employee, as such, in its individual capacity, past, present or future, of the Issuer or any successor entity.

Anything in this Lease to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that (a) the Issuer may rely conclusively on the truth and accuracy of any certificate, notice or other instrument furnished to the Issuer by the Trustee or the Lessee as to the existence of any fact or state of affairs required hereunder to be noticed by the Issuer; (b) the Issuer shall not be under any obligation hereunder to perform any record-keeping or to provide any legal services, it being understood that such services shall be performed either by the Trustee or the Lessee; and (c) none of the provisions of this Lease shall require the Issuer to expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless it shall first have been adequately indemnified to its satisfaction against the cost, expenses and liability which may be incurred thereby.

The obligation hereunder are the special limited obligations of the Issuer and not obligations of Fulton County, the State of Georgia or any subdivision thereof. Notwithstanding anything herein contained to the contrary, any obligation the Issuer may hereby incur for the payment of money shall not be a general debt on its part but shall be payable solely from rents, revenues and receipts derived from this Lease, the sale of the Bonds and any other rents, revenues and receipts derived by the Issuer arising out of or in connection with its ownership of the Project (except for Unassigned Rights). The Issuer has no taxing power.

**Section 13.13 Negation of Partnership.** Nothing in this Lease shall be construed to render or constitute Issuer in any way or for any purpose a partner, joint venturer or associate in any relationship with Lessee, or vice versa, other than that as lessor and lessee or landlord and tenant, nor shall this Lease be construed to authorize Issuer as agent for Lessee.

**Section 13.14 Estoppel Certificates.** Upon ten (10) business days written request of the Company, the Issuer will provide (or direct the Trustee to provide) a statement to the holder of any Superior Security Document concerning, to the best of its knowledge, (i) the outstanding amount of the Bonds that have been issued to the Company; (ii) whether a default exists under this Lease or the other Bond Documents, and if so specifying the nature of such default; (iii) whether this Lease or the Bond Documents have been amended, and if so, specifying the amendments; and (iv) any other matter concerning this Lease or the Bond Documents reasonably requested by such holders.

*[ Signatures commence on following page ]*

IN WITNESS WHEREOF, the Issuer and the Lessee have caused this Lease to be executed in their respective names by their duly authorized officers, all as of the date first above written.

**THE ATLANTA DEVELOPMENT AUTHORITY**

By: /s/ Shirley Franklin  
Chair

Attest:

/s/ Veronica C. Jones  
Assistant Secretary

(SEAL)

As to the Issuer, signed, sealed  
and delivered in the presence of:

/s/ Rachel Davis  
Witness

/s/ Susan S. Van Gellen  
Notary Public

My commission expires: 10/29/2010  
(Notarial Seal)

(Signature Page to Lease Agreement)

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**TEN SIDE HOLDINGS, LLC,**  
a Georgia limited liability company

By: Ten Side Member, LLC, a Georgia limited liability company, member

By: Ten Side Manager, LLC, a Georgia limited liability company,  
manager

By: Tivoli Properties, Inc. (Delaware),  
A Delaware corporation, Manager

By: /s/ Scott L. Leventhal  
Scott L. Leventhal  
President

Attest:

/s/ Scott L. Leventhal  
Secretary

As to the Lessee, signed, sealed  
and delivered in the presence of:

/s/ Heather Anderson  
Witness

/s/ Karen A. Brown  
Notary Public

My commission expires: 10/18/2010

(Notarial Seal)

(Signature Page to Lease Agreement)

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EXHIBIT "A"  
to  
LEASE AGREEMENT

Between  
THE ATLANTA DEVELOPMENT AUTHORITY  
and  
TEN SIDE HOLDINGS, LLC  
dated as of December 1, 2009

DESCRIPTION OF LEASED LAND

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EXHIBIT "A"

LEGAL DESCRIPTION

ALL THAT TRACT OR PARCEL OF LAND lying and being in Land Lot(s) 149 & 150 of the 17TH District, Fulton County, Georgia and being more particularly described as follows:

Beginning at a point at the southwest end of the mitered intersection of the westerly right-of-way line of Northside Drive (90' R/W) and the northerly right-of-way line of Tenth Street (60' R/W) said point being the POINT OF BEGINNING; thence along the northerly right-of-way line of Tenth Street (60' R/W) the following courses and distances: North 89 degrees 35 minutes 01 seconds West a distance of 27.90 feet to a point; thence North 89 degrees 34 minutes 09 seconds West a distance of 243.08 feet to a point; thence North 89 degrees 31 minutes 07 seconds West a distance of 149.89 feet to an iron pin found (disturbed) at the intersection of said right-of-way line and the easterly right-of-way line of Watkins street (R/W Varies); thence along the easterly right-of-way line of Watkins street (R/W Varies) North 02 degrees 59 minutes 27 seconds East a distance of 245.14 feet to an iron pin found at the intersection of said right-of-way line and the southerly right-of-way line of Edgehill Avenue (40' R/W); thence along the southerly right-of-way line of Edgehill Avenue (40' R/W) South 84 degrees 28 minutes 25 seconds East a distance of 149.84 feet to an iron pin found (2" open top pipe); thence leaving said right-of-way line North 00 degrees 03 minutes 05 seconds West a distance of 40.33 feet to a point; thence North 00 degrees 05 minutes 47 seconds East, a distance of 107.91 feet to a point; thence South 89 degrees 42 minutes 31 seconds East a distance of 39.73 feet to an iron pin found; thence North 00 degrees 22 minutes 13 seconds East a distance of 100.06 feet to a point on the southerly right-of-way line of Eleventh Street (40' R/W); thence along said right-of-way line the following courses and distances: North 89 degrees 56 minutes 42 seconds East a distance of 142.12 feet to an iron pin found (3/8" rebar); thence South 89 degrees 58 minutes 43 seconds East a distance of 105.45 feet to an iron pin found at the intersection of said right-of-way line and the westerly right-of-way line of Northside Drive (90' R/W); thence along the westerly right-of-way line of Northside Drive (90' R/W) the following courses and distances: South 00 degrees 19 minutes 26 seconds West a distance of 147.18 feet to an iron pin found (3/8" rebar); thence South 00 degrees 26 minutes 51 seconds West a distance of 69.53 feet to an iron pin found (3/8" rebar); thence South 00 degrees 32 minutes 10 seconds West a distance of 242.59 feet to a point; thence South 48 degrees 31 minutes 09 seconds West a distance of 34.07 feet to a point and the TRUE POINT OF BEGINNING.

Said tract containing 3.915 acres.

EXHIBIT "B"  
to  
LEASE AGREEMENT

Between  
THE ATLANTA DEVELOPMENT AUTHORITY  
and  
TEN SIDE HOLDINGS , LLC  
dated as of December 1, 2009

[RESERVED]

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EXHIBIT "C"  
to  
LEASE AGREEMENT

Between  
THE ATLANTA DEVELOPMENT AUTHORITY  
and  
TEN SIDE HOLDINGS, LLC  
dated as of December 1, 2009

PROJECT SUMMARY

That certain multifamily housing development project known as Tivoli Tenside at 1022 Northside Drive in Atlanta, Fulton County, Georgia

EXHIBIT "D"

QUITCLAIM DEED  
by and between  
THE ATLANTA DEVELOPMENT AUTHORITY  
and  
TEN SIDE HOLDINGS, LLC

(See attached)

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\_\_\_\_\_  
SPACE ABOVE THIS LINE FOR RECORDER'S USE  
\_\_\_\_\_

After recording, please return to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

QUITCLAIM DEED

This QUITCLAIM DEED (the "Deed") dated as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_, between The Atlanta Development Authority (the "Grantor") and Ten Side Holdings, LLC, a limited liability company duly organized, validly existing and in good standing under the laws of the State of Georgia, as grantee (the "Grantee"):

WITNESSETH:

WHEREAS, the Grantor and the Grantee have entered into a Lease Agreement, dated as of December 1, 2009 (the "Lease Agreement"); and

WHEREAS, the Grantor and the Grantee, pursuant to the terms of the Lease Agreement have agreed to enter into this Deed; and

WHEREAS, all capitalized terms used herein and not defined herein shall have the meanings ascribed to them in the Lease Agreement; and

WHEREAS, the Grantor desires to assign its right, title and interest in and to the Project to the Grantee and to execute a Quitclaim Deed with respect to all property rights it has in and to the Project;

NOW THEREFORE, in consideration of the premises and the respective undertakings and agreements hereinafter set forth, THE GRANTOR HEREBY AGREES AS FOLLOWS:

1. The Grantor hereby, with effect as and from the date hereof, grants, assigns, transfers and conveys to the Grantee, all of its right, title and interest in, to and under the Project.
2. The Grantor has such title in and to the Land free from all encumbrances except Permitted Encumbrances described in the Lease Agreement, free of all claims of all persons whomsoever claiming by, through or under the Grantor.
3. The Grantee hereby accepts the Assignment of all of the foregoing rights, title and interest of the Grantor in, to and under the Project.
4. The Grantor does hereby bargain, sell and convey to the Grantee its interest, if any, in the Leased Land described in Exhibit "A" hereto and the Improvements located on the Leased Land, such property being free from all liens, security interests and encumbrances from Persons claiming through and under the Grantor other than Permitted Encumbrances described in the Lease Agreement.

THE GRANTOR AND THE GRANTEE FURTHER AGREE AS FOLLOWS:

The Grantor, in consideration of the sum of Ten Dollars (\$10.00) by it in hand paid at and before the sealing of these presents (the receipt whereof is hereby acknowledged), has granted, bargained, sold and released, and by these presents does grant, bargain, sell and release, unto the said Grantee, its successors and assigns, whatever right, title, and interest the Grantor does possess, and does by these presents demise, release, and forever quitclaim unto the Grantee all of the interest of the Grantor, if any, in and to the Project including, without limitation, the Leased Land and the Improvements;

TOGETHER, with all and singular the rights, tenements, hereditaments and appurtenances to the said Project belonging or in anywise incident or appertaining.

TO HAVE AND TO HOLD, all and singular the said premises before mentioned unto the said Grantee, its successors and assigns forever.

IN WITNESS WHEREOF, The Atlanta Development Authority has caused these presents to be executed in its name and its seal to be hereto affixed this \_\_\_\_\_ day of \_\_\_\_\_

**THE ATLANTA DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Chair

Attest:

\_\_\_\_\_  
Secretary

(SEAL)

Signed, sealed and delivered in the presence of:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Notary Public

My Commission Expires : \_\_\_\_\_

(NOTARIAL SEAL)

EXHIBIT "A"  
TO  
[QUITCLAIM DEED AND BILL OF SALE]  
DESCRIPTION OF LEASED LAND

EXHIBIT "E"

FORM OF AMENDMENT TO LEASE AGREEMENT

Number

This AMENDMENT TO LEASE AGREEMENT, Number \_\_, dated as of \_\_\_\_\_, \_\_, between THE ATLANTA DEVELOPMENT AUTHORITY (the "Authority"), a public body corporate and politic created and existing under the laws of the State of Georgia, as Lessor, TEN SIDE HOLDINGS, LLC (the "Lessee"), a limited liability company organized and existing under the laws of the State of Georgia.

WITNESSETH:

WHEREAS, the Authority and the Lessee have heretofore entered into a Lease Agreement, dated as of December 1, 2009 (said Lease Agreement, as from time to time modified or amended, is herein called the "Lease"), relating to certain Leased Land in Fulton County, Georgia (as more fully described hereinafter as the "Land"); and

WHEREAS, the Authority and the Lessee have now determined that it is necessary to amend the Lease in certain respects to reflect the [removal from] [addition to] the description of the Leased Land the real property (including the improvements thereon constituting a part of the Project) described in Exhibit "1" hereto; and

NOW, THEREFORE, in consideration of the premises and of the mutual covenants hereinafter contained, the Authority and the Lessee agree to and do hereby amend the Lease to modify the description of the Leased Land contained as Exhibit "A" attached thereto in order to [remove therefrom] [add thereto], effective as of the date hereof, the real property (including all structures, buildings and other improvements thereon) described in Exhibit "1" to this Amendment to Lease Agreement.

Section 1. Amendment of Lease. The Lease shall be deemed to be modified and amended in accordance with the provisions of this Amendment to Lease Agreement and the respective rights, duties and obligations of the Authority and the Lessee under the Lease shall hereafter be determined, exercised and enforced under the Lease subject in all respects to this Amendment to Lease Agreement, and all the terms and conditions of this Amendment to the Lease Agreement shall be part of the terms and conditions of the Lease for any and all purposes.

All references in the Lease to the Land described in Exhibit "A" thereof shall refer to said Exhibit as hereby amended and modified.

Section 2. Execution Counterparts. This Amendment to Lease Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 3. Recordation. This Amendment to Lease Agreement may be recorded in the office of the Superior Court of Fulton County, or in such other office as may be at the time provided by law as the proper place for such recordation.

Section 4. Lease to Continue in Full Force and Effect. All other terms of the Lease shall continue in full force and effect subject to this Amendment to Lease Agreement as set forth herein.

IN WITNESS WHEREOF, the Authority and the Lessee have caused this Amendment to the Lease Agreement to be executed in their respective names and their respective seals to be hereunto affixed and attested by their duly authorized officers as of \_\_\_\_\_.

**THE ATLANTA DEVELOPMENT AUTHORITY**

Attest:

By: \_\_\_\_\_ Chair

\_\_\_\_\_  
Secretary

(SEAL)

As to the Authority, signed, sealed and delivered in the presence of:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

\_ (Notarial Seal)

**TEN SIDE HOLDINGS, LLC,**  
a Georgia limited liability company

By: Ten Side Member, LLC, a Georgia limited liability company, member

By: Ten Side Manager, LLC, a Georgia limited liability company, manager

By: Tivoli Properties, Inc. (Delaware) a Delaware corporation, manager

By: \_\_\_\_\_  
Scott L. Leventhal, President and Chief Executive Officer

Attest:

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Secretary

(SEAL)

As to the Lessee, signed, sealed and  
delivered in the presence of:

---

Witness

---

Notary Public

My commission expires: \_\_\_\_\_

(Notarial Seal)

EXHIBIT "I"  
TO AMENDMENT TO LEASE AGREEMENT (NUMBER \_)  
among  
THE ATLANTA DEVELOPMENT AUTHORITY,  
and  
TEN SIDE HOLDINGS, LLC  
dated as of \_\_\_\_\_

DESCRIPTION OF [ADDITIONAL] [REMOVED] LAND

EXHIBIT "F"

REQUISITION AND CERTIFICATE

Requisition and Certificate No. \_

Date: \_\_\_\_\_, 20\_

Amount of Requisition: \$ \_\_\_\_\_

The Bank of New York Mellon Trust Company, N.A., as Trustee under the Indenture of Trust, dated as of December 1, 2009, relating to The Atlanta Development Authority Taxable Revenue Bonds (Tivoli Tenside Project), Series 2009, in an aggregate principal amount not to exceed \$70,000,000

Gentlemen:

All capitalized terms used but not defined herein shall have the meanings assigned to them in that certain Lease Agreement, dated as of December 1, 2009, by and between The Atlanta Development Authority and Ten Side Holdings, LLC.

This is a requisition for payment from The Atlanta Development Authority Project Fund - Tivoli Ten Side Project, of an obligation in the stated amount incurred by or on behalf of the Issuer in connection with the issuance of the Bonds in caption or the acquisition of the Project.

1. This obligation is a proper charge against the Project Fund, the payment thereof is being made in connection with the Project and has not been the basis of any previous withdrawal from the Project Fund.
2. No other certificate in respect of the foregoing obligation is being or has been previously delivered to the Trustee.
3. The Lessee has no notice of any vendor's, mechanic's, or other liens or right to liens, chattel mortgages or conditional sales contracts, or other contracts or obligations (other than those being contested in good faith as permitted in Section 6.1(c) of the Lease Agreement) which should be satisfied or discharged before such payment is made; and
4. Such requisition contains no item representing payment on account of any retained percentages which the Issuer or the Lessee is, as of the date of such requisition, entitled to retain under retained percentage agreements.
5. Purpose and circumstances of such obligation: Reimbursement of costs of the Project. Owing to: Ten Side Holdings, LLC

In lieu of depositing funds in the Project Fund, Bondholder has elected to make a book entry notation of the advancement of funds on behalf of the Issuer to the Lessee for Project Funds. Lessee hereby acknowledges receipt of said funds.

6. A bill or statement of account for such obligation is available upon request made to the Lessee.

7. The Lease [Amendment] relating to the portion of the Project for which such obligation has been incurred is attached hereto, and has been executed by the Lessee. The Lease [Amendment] and this Requisition and Certificate relate to those portions of the Project conveyed to the Issuer by Quitclaim Deed attached hereto and numbered as described above. Payment of this Requisition and Certificate may be made as directed on any such attachment.

All of the foregoing is hereby certified.

By: \_\_\_\_\_  
Authorized Lessee Representative

Insofar as the disbursement requested hereby is to pay obligations incurred for labor, material, supplies or equipment in connection with the acquisition, construction and installation of the Project, such labor and services were to the Lessee's knowledge performed and such material, supplies or equipment were or are to be used in connection with the acquisition of the Project or delivered at the site of the Project for such purpose. This requisition includes by attachment hereto the quitclaim deed and bill of sale necessary to convey title in and to the items of Leased Land for which reimbursement is sought to the Issuer.

This requisition is given without prejudice against any rights of the Issuer or the Lessee against third parties which exist on the date hereof.

\_\_\_\_\_  
Authorized Lessee Representative

UNITED STATES OF AMERICA

STATE OF GEORGIA

THE ATLANTA DEVELOPMENT AUTHORITY  
TAXABLE LEASE PURCHASE REVENUE BOND  
(TIVOLI TENSIDE PROJECT)

SERIES 2009

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION, AND IT MAY NOT BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED NOR MAY THE EXTENT OF ITS REGISTRATION BE REDUCED, WITHOUT OPINION OF COUNSEL SATISFACTORY TO THE TRUSTEE, THE ISSUER AND THE INITIAL LESSEE OF THE PROJECT REFERRED TO IN THIS BOND TO THE EFFECT THAT SUCH TRANSFER OR CHANGE IN THE EXTENT OF REGISTRATION WILL NOT VIOLATE APPLICABLE SECURITIES LAWS.

No. R-1

\$70,000,000

FOR VALUE RECEIVED, The Atlanta Development Authority (the "Issuer"), a public body corporate and politic duly created and existing under the laws of the State of Georgia, hereby promises to pay to Ten Side Holdings, LLC, or registered assigns, solely from the fund hereinafter described and from no other source, on the first day of January, 2022, the principal sum of

SEVENTY MILLION DOLLARS AND NO CENTS

and to pay to the registered owner hereof solely from said special fund, interest hereon at the rate of 6.00% per annum (calculated on the basis of a 360-day year consisting of twelve 30-day months), from the dated date hereof or from the last Interest Payment Date to which interest has been paid (interest due on any Bond on any Interest Payment Date shall be paid to the Registered Owner of such Bond as shown on the registration books kept by the Registrar on the Record Date), first interest payable on the next succeeding January 1 or July 1 (whichever shall come first) and semiannually thereafter on January 1 and July 1 each year until payment of the principal amount of this bond. The principal of and the interest on this bond shall be payable in lawful money of the United States of America by check mailed to the registered owner hereof at the orders shown on the Bond Register or to the order of any subsequent registered owner hereof shown on the Bond Register, unless there shall be in effect, as provided in the hereinafter mentioned Indenture, a home office payment agreement satisfactory to the Trustee. Payment of the final installment of interest on and principal of this bond shall be made upon surrender of this Bond to The Bank of New York Mellon Trust Co, N.A., as trustee (the "Trustee"). Such payment shall be made to the person in whose name this bond is registered on the Bond Register with respect to payment of principal, on the date such principal is due and with respect to the payment of interest.

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“Record Date” shall mean the close of business on the 15th day (whether or not a Business Day) of the calendar month immediately preceding the applicable Interest Payment Date.

This bond is a fully registered bond comprising one of a duly authorized series in the aggregate principal amount of not to exceed \$70,000,000 (the “bonds”), of like tenor except as to numbers, issued under and secured by an Indenture of Trust, dated as of December 1, 2009, by and between the Issuer and the Trustee (the “Indenture”), and an authorizing resolution of the Issuer, adopted on August 21, 2008, for the purpose of financing the acquisition, construction and equipping of certain land, buildings, structures and other facilities to be used as a mixed-use, multifamily development comprised of 336 multifamily housing units and approximately 38,600 square feet of street level retail space (the “Project”) for lease to Ten Side Holdings, LLC, a Georgia limited liability company (the “Company”) pursuant to a Lease Agreement, dated as of December 1, 2009 (the “Lease Agreement”), between the Issuer and the Company.

The Indenture recites that the bonds of this series may be delivered to, and paid for by, the purchaser, in multiple installments as and when moneys are required to complete the acquisition, construction and installation of the Project.

THIS BOND AND THE INTEREST HEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A GENERAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF GEORGIA OR OF THE CITY OF ATLANTA, FULTON COUNTY AND DOES NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE SAID STATE OR MUNICIPALITY TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER FOR THE PAYMENT OF SUCH PRINCIPAL AND INTEREST. THE ISSUER HAS NO TAXING POWER. THIS BOND IS PAYABLE SOLELY FROM THE RENTAL PAYMENTS AND OTHER PAYMENTS RECEIVED UNDER THE LEASE AGREEMENT TOGETHER WITH ALL OTHER RENTS, REVENUES AND RECEIPTS ARISING OUT OF OR IN CONNECTION WITH THE ISSUER'S OWNERSHIP OF THE PROJECT (EXCEPT FOR CERTAIN UNASSIGNED RIGHTS) AND THE ISSUER IS OBLIGATED TO PAY THE PRINCIPAL OF AND THE INTEREST ON THIS BOND ONLY FROM AMOUNTS PLEDGED THEREFOR PURSUANT TO THE INDENTURE. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON THIS BOND AGAINST ANY OFFICER, DIRECTOR, EMPLOYEE, AGENT OR MEMBER OF THE ISSUER.

This bond is issued and the Indenture was authorized, executed and delivered by the Issuer under and pursuant to the laws of the State of Georgia, including particularly an act of the General Assembly of the State of Georgia (O.C.G.A. Section 36-62), as amended, and the aforesaid resolution of the Issuer. Pursuant to the terms of the Lease Agreement, the Company must pay to the Issuer rental payments which are pledged to, and will be fully sufficient to provide for, the payment of the principal of and the interest on the bonds as the same become due.

As additional security for the payment of the Bonds, the Company will enter into a Guaranty Agreement with the Trustee, dated as of December 1, 2009, under the terms of which the Company will unconditionally guarantee to the Trustee, for the benefit of the owners of the Bonds, the payment of the principal of and redemption price, if any, and interest on the Bonds as the same become due.

The Issuer has agreed that it will use its best efforts to keep the Project continuously leased and will prescribe and collect rental payments therefor sufficient to pay when due the principal of and the interest on the bonds. Reference to the Indenture is hereby made for a description of the aforesaid Bond Fund which is charged with, and pledged to, the payment of the principal of and the interest on the bonds, the nature and extent of the security for the Bonds, the rights, duties and obligations of the Issuer and the Trustee, the rights of the owners of the bonds, the terms and conditions under and upon the occurrence of which the Indenture and the Lease Agreement may be modified and the terms and conditions under and upon the occurrence of which the lien of the Indenture may be defeased as to this bond prior to the maturity or prepayment date hereof, to all of the provisions of which the owner hereof, by the acceptance of this bond, assents.

The bonds of this series are subject to prepayment prior to maturity by the Issuer at any time, in whole or in part, pro rata among the owners of the bonds of this series as provided in the Indenture, at 100% of the principal amount to be so prepaid plus accrued interest thereon to the prepayment date.

When this bond (or any portion hereof) is called for prepayment as aforesaid, notice thereof shall be given by mailing a copy of the prepayment notice by first class mail at least thirty days prior to the prepayment date to the registered owner of this bond at the addresses shown on the registration books.

Less than the entire principal amount of this bond may be prepaid and in such case, upon the surrender of such bond (a) appropriate endorsement shall be made thereon by the Trustee to reflect such partial prepayment, or (b) there shall be issued to the registered owner hereof, without charge therefor, for the unredeemed balance of the principal amount of this bond, fully registered bonds in any of the authorized denominations, as more fully set forth in the Indenture.

By acceptance of this bond, the owner hereof agrees that in the event it elects not to surrender this bond to the Trustee as described in the foregoing paragraph, upon a partial prepayment of this bond it will endorse in the space provided on the schedule attached hereto, the amount and date of such partial prepayment and shall immediately forward a written confirmation of such prepayment and endorsement to the Trustee.

This bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the principal office of the Trustee, but only in the manner, subject to the conditions, consents and limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this bond. Upon such transfer, a new fully registered bond or fully registered bonds in the same aggregate principal amount and of any authorized denomination or denominations shall be issued to the transferee or transferees in exchange therefor.

The owner of this bond shall have the right to enforce the payment of the principal hereof and the interest hereon at or after the maturity hereof, and the owner of this bond shall have the right to enforce the provisions of the Indenture and to institute action to enforce the covenants therein, and to take any action with respect to any Event of Default under the Indenture, and to institute, appear in or defend any suit or other proceedings with respect thereto, as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with the interest accrued thereon. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

This bond is issued with the intent that the laws of the State of Georgia shall govern its construction.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of the State of Georgia to happen, exist and be performed precedent to and in the issuance of this bond, the execution of the Indenture and the adoption of the aforesaid resolution by the Issuer, have happened, exist and have been performed. The issuance of this bond and the series of which it forms a part, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

This bond shall not be entitled to any benefit under the Indenture nor shall it become valid or obligatory for any purpose until it shall have been authenticated by execution by the Trustee of the certificate hereon endorsed.

IN WITNESS WHEREOF, The Atlanta Development Authority has caused this bond to be executed in its name by the signature of its Chair and its corporate seal to be hereunto affixed and attested by the signature of its Secretary, all as of the 30<sup>th</sup> day of December, 2009.

**THE ATLANTA DEVELOPMENT AUTHORITY**

By: /s/ Shirley Franklin  
Chair

ATTEST

/s/ Veronica C. Jones  
Assistant Secretary

(SEAL)

\* \* \* \* \*

**TRUSTEE'S AUTHENTICATION CERTIFICATE**

Date of authentication: December 30, 2009

The above bond is one of the fully registered bonds described in the above mentioned Indenture of Trust, and is hereby authenticated on its dated date as specified above.

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A.,**  
as Trustee

By: /s/ Kelly D. Courrior

\* \* \* \* \*

VALIDATION CERTIFICATE

STATE OF GEORGIA

COUNTY OF

FULTON

The undersigned Clerk of the Superior Court of Fulton County, Georgia, HEREBY CERTIFIES that the within bond was confirmed and validated by judgment of the Superior Court of Fulton County, Georgia, rendered on the 18th day of February, 2009, civil action file number 2009-CV-163998, and FURTHER CERTIFIES that:

1) On February 13, 2009, an intervenor (the "Intervenor") appeared and filed a "Memorandum and Notice Regarding Prohibited Transaction" setting forth objections to the bond validation referred to in said record.

2) On February 16, 2009, a validation hearing was held and an order validating the bonds was entered on February 18, 2009.

3) On February 19, 2009, Intervenor filed a Complaint in Intervention and filed the following four motions thereafter: (a) Motion to Vacte and Set Aside Order (February 20, 2009), (b) Amended Motion to Vacate and Set Aside Order (February 23, 2009), (c) Motion To Amend Validation Order and/or For Judgment On The Pleadings (March 9, 2009), and (d) Motion To Amend Validation Order to a Directed Verdict in Favor of Intervenor (March 16, 2009). All motions filed in connection with the intervention have been considered and ruled upon by the Court.

4) On March 20, 2009, Intervenor filed a "Notice of Appeal" and subsequently filed a "Dismissal of Appeal" on April 8, 2009.

5) Except as described herein, no other intervention or objection was raised or filed in connection with the validation of the Bonds referred to in said record and that the validation order has been entered.

WITNESS the manual or a duly authorized reproduced facsimile of my signature and the reproduced facsimile seal of said court.



/s/ Cathlene Robinson

\_\_\_\_\_  
Clerk, Superior Court

Fulton County, Georgia

\* \* \* \* \*

**PAYMENTS ON ACCOUNT OF PRINCIPAL**

Partial prepayments of the principal of this bond have been made, as follows:

DATE	AMOUNT PREPAID	BALANCE OF PRINCIPAL AMOUNT PAID	AUTHORIZED SIGNATURE OF OWNER OF THIS BOND
<hr/>			

\* \* \* \* \*

**(Form of Assignment and Transfer)**

FOR VALUE RECEIVED, \_\_\_\_\_ the undersigned, hereby sells, assigns and transfers unto \_\_\_\_\_ (Tax Identification or Social Security No. \_\_\_\_\_) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guarantee:

\_\_\_\_\_  
(Authorized Officer)

Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

\_\_\_\_\_  
NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

## BOND PLEDGE AND SECURITY AGREEMENT

(Series 2009 Bonds)

THIS BOND PLEDGE AND SECURITY AGREEMENT ("Agreement"), dated as of December 29, 2009, is among Ten Side Holdings, LLC, a Georgia limited liability company, as both borrower and holder of the Bonds (as defined herein) ("Borrower"), and KeyBank National Association, together with its successors and assigns ("Lender").

## RECITALS

A. Borrower and Lender entered into a certain Construction Loan Agreement dated as of July 6, 2007, as modified by that certain First Modification of Construction Loan Agreement, dated as of February 29, 2008 (as modified, the "Loan Agreement"), with respect to a certain construction loan for up to the stated principal amount of \$49,400,000. Borrower executed and delivered to Lender a certain Promissory Note, dated as of July 6, 2007, as modified by that certain First Modification to Promissory Note, dated as of February 29, 2008, (as modified, the "Note"), and secured by, among other things, a Deed to Secure Debt, Assignment of Leases and Rents and Security Agreement, dated as of July 6, 2007, as modified by that certain First Modification to Security Instruments, dated as of February 29, 2008 (as modified, the "Fee Security Deed"), which encumbers the real property described on Exhibit A to the Loan Agreement and defined therein as the "Land", and all improvements thereon and appurtenances thereto, known as the "Ten Side Multifamily/Retail Project" (collectively, the "Project").

B. Borrower has requested and Lender has agreed to enter into that certain Second Modification and Consent given in connection with Construction Loan Agreement (the "Second Modification") in order to further modify the Loan Agreement and the other Loan Documents and to consent to, among other things, a proposed transaction (the "Transaction") involving a bond for title ad valorem tax abatement program (the "Bonds for Title Program") whereby the Borrower will transfer title to the Premises and Improvements to the Atlanta Development Authority, a tax exempt entity (the "Issuer"), in exchange for the issuance of a taxable lease purchase revenue bond and Borrower will lease back the Premises and Improvements for a rental amount equal to the debt service payable by the Issuer to the Borrower, as bondholder of the bond.

C. In connection with the Bonds for Title Program and as required by the Second Modification, Lender has required, among other things, the execution and delivery by Borrower of additional security for the Loan including, without limitation: (A) Borrower's grant to Lender of a leasehold security title pursuant to a Leasehold Deed to Secure Debt, Assignment of Rents and Security Agreement ("Leasehold Security Deed") with respect to Borrower's leasehold title to the Premises and Improvements created pursuant to the Lease Agreement by and between Borrower and Issuer (the "Lease Agreement") and the terms of the Bonds for Title Program; and (B) Borrower's pledge of the bonds and its interest in the Bond Program Documents (as herein defined) to Lender pursuant this Agreement.

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D. The Issuer and The Bank of New York Mellon Trust Co., Inc., in its capacity as trustee ("Trustee"), are entering into the Indenture of Trust ("Indenture"), dated as of the date hereof Pursuant to the Indenture, the Issuer is issuing The Atlanta Development Authority Taxable Lease Purchase Revenue Bonds (Tivoli Tenside Project), Series 2009 (the "Bonds") which are being issued in an amount equal to \$70,000,000.00.

E. Borrower, Issuer and Trustee are entering into that certain Bond Purchase Agreement dated as of the date hereof, pursuant to which Borrower, as the sole purchaser, shall purchase the Bonds. Concurrently therewith, Borrower and Issuer shall also enter into the Lease Agreement and the related "Bond Program Documents" set forth on Exhibit A hereto.

F. It is a condition precedent to Lender's execution and delivery of the Second. Modification and consent to the Transaction that the Borrower makes the pledge and grants the security interest in the Bonds to the Lender as contemplated and effected by this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Borrower and Lender, the Borrower and Lender agree as follows:

## **ARTICLE I DEFINITIONS; RULES OF CONSTRUCTION**

SECTION 1.1 Definitions. All capitalized terms used in this Agreement have the meanings given to those terms in the Second Modification or elsewhere in this Agreement unless the context or use clearly indicates a different meaning. Unless otherwise defined in this Agreement, terms used in this Agreement that are defined in the Uniform Commercial Code as adopted in the State of Georgia ("UCC") shall have the meaning given those terms in the UCC.

SECTION 1.2 Rules of Construction. The rules of construction and use of phrases set forth in Section 102 of the Indenture shall apply to this Agreement in their entirety.

## **ARTICLE II PLEDGE OF COLLATERAL**

SECTION 2.1 Grant of Security Interest. As security for the due, punctual, full and exact payment, performance or observance by the Borrower of: (i) all Secured Obligations (collectively, as that term is defined in the Fee Security Deed and the Leasehold Security Deed), whether at stated maturity, by acceleration or otherwise (including the payments of amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, or any successor provision thereto), whether now outstanding or hereafter arising, (ii) all other obligations arising under the Second Modification, the Loan Agreement or any other Loan Document, and (iii) all obligations which may be owing to Lender from time to time under the Bond Program Documents, the Borrower grants to Lender a continuing security interest in and to the following property whether now owned or hereafter acquired (all of which is collectively called the "Collateral"):

- (a) all of the Borrower's right, title and interest in any and all Bonds;
- (b) all interest and other amounts payable on, and all rights with respect to, all Bonds (including, without limitation, all payments of principal thereof and interest thereon);
- (c) all of Borrower's right, title and interest in the Project Fund and the Bond Fund (as defined in the Indenture) together with all of Borrower's right, title and interest in the securities entitlements and other investment property held in the Project Fund or the Bond Fund or otherwise relating to any of the Bonds;
- (d) all of Borrower's right, title and interest in and to the Bond Program Documents; and
- (e) all proceeds of any of the foregoing.

SECTION 2.2 Perfection of Security Interest in Collateral.

(a) On or before January 8, 2010, the Borrower shall deliver or cause to be delivered the Bonds to the Lender, but shall remain the owner of such Bonds. All Bonds shall be held by the Lender pursuant to this Agreement and shall be accompanied by duly executed instruments of transfer or assignment in blank in the form attached hereto as Exhibit B. The Lender shall have the right, at any time in its discretion and without notice to the Borrower, to transfer to or to register in the name of the Lender or its nominee any or all of the Collateral.

(b) Notwithstanding any action taken under this Section 2.2 to perfect the security interest of the Lender in the Collateral, for all purposes other than the perfection of a security interest in the Collateral, under the UCC or otherwise, the Borrower shall remain the owner of the Collateral.

(c) At any time at Lender's request, Borrower shall instruct the Trustee and Issuer to note and record this pledge of the Bonds and Lender's lien thereon on the bond records of the Trustee.

SECTION 2.3 Reduction in Value of Collateral. The Lender shall not be liable for any reduction in the value of any Collateral in its possession or credited to its account (except for any reduction in value resulting from the Lender's willful misconduct or negligence), nor shall any such reduction in any way diminish the obligations of the Borrower (i) to pay when due and payable principal and interest and any other amounts on the Loan, (ii) to pay when due and payable all amounts, including fees, costs, charges and expenses payable under the Bond Program Documents and (iii) to observe and perform each of the terms, conditions and provisions of the Second Modification, the Loan Documents, the Modification Documents and the Bond Program Documents.

SECTION 2.4 Payment in Full or Surrender of Bonds. Borrower or Issuer, at Borrower's direction, shall provide Lender with advance notice of any proposed Payment in Full of the Bonds or surrender of the Bonds for cancellation, and, provided no Event of Default then exists and Lender has given consent in its sole discretion to such payment or cancellation and a concurrent termination of the Lease Agreement, the Lender shall release and promptly deliver the Bonds, free and clear of the security interest created by this Pledge Agreement, to the Borrower. At Borrower's request, Lender agrees to provide the Issuer and/or Trustee with evidence of Lender's consent to the termination of the Lease Agreement as holder of the Leasehold Security Deed.

SECTION 2.5 Further Assurances. At any time and from time to time, at the expense of the Borrower, the Borrower shall promptly give, execute, deliver, file and record any notice, statement, instrument, document, agreement or other paper and do such other acts and things that may be necessary, or that Lender may request, in order to perfect, continue and protect any security interest granted or purported to be granted by this Agreement or to enable Lender to exercise and enforce its rights and remedies under this Agreement. The Borrower irrevocably authorizes Lender to file from time to time one or more financing statements describing the Collateral in any UCC jurisdiction.

SECTION 2.6 Competing Security Arrangements. Lender does not authorize and the Borrower agrees not to:

- (a) execute, file, permit to be filed or suffer to remain on file in any jurisdiction any security agreement, financing statement or like agreement or instrument with respect to the Collateral, or any part of the Collateral, naming anyone other than Lender as the secured party; or
- (b) sell, exchange or transfer or otherwise dispose of any of the Collateral, or any interest in the Collateral, other than any security interest or other lien in favor of Lender.

SECTION 2.7 Defense of Collateral. The Borrower will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest in the Collateral.

### **ARTICLE III REPRESENTATIONS AND WARRANTIES**

SECTION 3.1 Representations and Warranties of the Borrower. The Borrower represents and warrants to the Lender on the Closing Date that:

- (a) No consent of any other person or entity and no authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required (i) for the pledge by the Borrower of the Collateral pursuant to this Agreement or for the execution, delivery or performance of this Agreement by the Borrower, (ii) for the perfection or maintenance of the security interest created hereby (including the first priority nature of such security interest), or (iii) for the exercise by the Lender of the rights provided for in this Agreement or the remedies in respect of the Collateral pursuant to this Agreement (except as may be required in connection with any disposition of any portion of the Collateral by laws affecting the offering and sale of securities generally); there are no conditions precedent to the effectiveness of this Agreement that have not been satisfied or waived.

(b) Neither the execution nor delivery of this Agreement nor the performance by the Borrower of its obligations under this Agreement, nor the consummation of the transactions contemplated by this Agreement, will (i) conflict with any provision of the Operating Agreement or any other organizational documents of the Borrower; (ii) conflict with, result in a breach of, or constitute a default (or an event which would, with the passage of time or the giving of notice or both, constitute a default) under, or give rise to a right to terminate, amend, modify, abandon or accelerate, any contract, agreement, promissory note, lease, indenture, instrument or license to which the Borrower is a party or by which the Borrower's assets or properties may be bound or affected; (iii) violate or conflict with any federal, state or local law, statute, ordinance, rule, regulation, order, judgment, decree or arbitration award which is either applicable to, binding upon or enforceable against the Borrower; (iv) result in or require the creation or imposition of any liens, security interests, options or other charges or encumbrances ("Liens") upon or with respect to the Collateral, other than Liens in favor of Lender; (v) violate any legally protected right of any individual or entity or give to any individual or entity a right or claim against the Borrower; or (vi) require the consent, approval, order or authorization of, or the registration, declaration or filing (except to the extent that the filing of UCC Financing Statements may be applicable) with, any federal, state or local government entity.

(c) The Borrower is the sole legal and beneficial owner of, and has good and marketable title to (and has full right and authority to pledge and assign), the Collateral, free and clear of all Liens (other than in favor of Lender), all fiduciary obligations of any kind and any adverse claim of title thereto and the Collateral is not subject to any offset, right of redemption, defense or counterclaim of a third party.

(d) The security interest in the Collateral of the Lender is, or when it attaches shall be, a first, prior and perfected security interest. No financing statement covering the Collateral, or any part thereof (other than any financing statement naming only the Lender as the secured party) is outstanding or is on file in any public office.

(e) The Borrower's exact legal name is set forth in the first paragraph of this Agreement. The Borrower is a limited liability company and the state of its formation is Georgia.

#### ARTICLE IV ATTORNEY-IN-FACT

SECTION 4.1 Lender Appointed Attorney-in-Fact. The Borrower appoints the Lender the Borrower's attorney-in-fact, with full authority in the place and stead of the Borrower and in the name of the Borrower or otherwise, from time to time in the Lender's discretion to take any action and to execute any instrument which the Lender may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, to receive, endorse and collect all instruments made payable to the Borrower representing any interest payment or other payment in respect of the Collateral or any part thereof and to give full discharge for the same. The power of appointment granted herein is coupled with an interest and is irrevocable by the Borrower so long as any of the Bonds remain outstanding or any obligations remain owing by the Borrower to Lender.

ARTICLE V  
EVENTS OF DEFAULT; RIGHTS AND REMEDIES

SECTION 5.1 Event of Default. The occurrence of any one or more of the following events shall constitute an Event of Default under this Agreement:

- (a) the Borrower fails to pay when due any amount payable by the Borrower under the Loan Agreement or the Lease Agreement, subject to any applicable notice and cure rights set forth therein; or
- (b) any failure by the Borrower to perform or observe any of its obligations under this Agreement (other than as set out in (a) above), as and when required, which continues for a period of 30 days after notice of such failure by the Lender to the Borrower; provided, that if any such failure concerning a non-monetary covenant or condition is susceptible to cure and cannot reasonably be cured within said thirty (30) day period, then Borrower shall have an additional sixty (60) day period to cure such failure and no Event of Default shall be deemed to exist hereunder so long as Borrower commences such cure within the initial thirty (30) day period and diligently and in good faith pursues such cure to completion within such resulting ninety (90) day period from the date of Lender's notice. Notwithstanding the foregoing, no such notice or grace period shall apply in the case of any such failure which could, in Lender's judgment, absent immediate exercise by the Lender of a right or remedy under this Agreement, result in harm to Lender, impairment of this Agreement or any of the Collateral; or
- (c) any representation or warranty on the part of the Borrower contained in this Agreement or repeated and reaffirmed in this Agreement proves to be false, misleading or incorrect in any material respect when made or deemed made; provided that if such breach is reasonably susceptible of cure, then no Event of Default shall exist so long as Borrower cures such breach (i) within ten (10) days after written notice from Lender for a breach that can be cured by the payment of money or (ii) within the notice and cure period provided in (b) above for any other breach; or
- (d) the occurrence of an Event of Default under the Second Modification, the Modification Documents, the Loan Agreement, any of the Loan Documents, the Lease Agreement, or any of the Bond Program Documents, subject to any applicable notice and cure periods set forth therein.

SECTION 5.2 Remedies Upon Borrower's Default. If any Event of Default has occurred and is continuing:

- (a) Lender may, without further notice, exercise all rights, privileges or options pertaining to the Collateral as if Lender were the absolute owner of such Collateral, upon such terms and conditions as Lender may determine, all without liability except to account for property actually received by Lender and Lender shall not have any duty to exercise any of those rights; privileges or options and shall not be responsible for any failure to do so or delay in so doing; and
- (b) Lender may exercise in respect of the Collateral, in addition to other rights and remedies provided for in this Agreement or otherwise available to it, all of the rights and remedies of a secured party under the UCC and also may, without notice except as specified below, sell the Collateral at public or private sale, at any of the offices of Lender or elsewhere, for cash, on credit or for future delivery, and upon such other terms as may be commercially reasonable. The Borrower agrees that, to the extent notice of sale shall be required by the UCC, ten days prior notice to the Borrower of the time and place of any public or private sale shall constitute reasonable notification. Lender shall not be obligated to make any sale of Collateral notwithstanding notice of sale having been previously given. Lender may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. In case of any sale by Lender of any of the Collateral, the Collateral so sold may be retained by Lender until the selling price is paid by the purchaser, but Lender shall incur no liability in case of failure of the purchaser to take up and pay for the Collateral so sold.

The foregoing rights and remedies (i) shall be cumulative and concurrent, (ii) may be pursued separately, successively or concurrently against the Borrower and any other party obligated under the Secured Obligations, or against the Collateral, or any other security for the Secured Obligations, at the sole discretion of Lender, (iii) may be exercised as often as occasion therefore shall arise, it being agreed by Borrower that the exercise or failure to exercise any of same shall not in any event be construed as a waiver or release thereof or of any other right, remedy or recourse and (iv) are intended to be and shall be non-exclusive. Nothing in this Agreement shall require or be construed to require Lender to accept tender of performance of any of the Borrower's obligations under this Agreement after the expiration of any time period set forth in this Agreement for the performance of such obligations and the expiration of any applicable cure periods, if any.

Notwithstanding anything contained in this Section to the contrary, following an Event of Default the Borrower shall continue to be the owner of all Bonds and other Collateral until written notice to the contrary is provided by Lender under this Section.

SECTION 5.3 Application of Proceeds. The cash proceeds actually received from any sale or other disposition of the Collateral shall be applied as follows:

- (a) first, to reimburse the Lender for reasonable expenses actually incurred in preparing for sale, selling and the like and for reasonable attorneys' fees and expenses actually incurred by the Lender in connection therewith;
- (b) second, to the repayment of all amounts then due and unpaid on the Secured Obligations; and
- (c) third, to remit the balance, if any, to the Borrower as required by law.

The Borrower shall be liable for any deficiency if the proceeds of any sale or other disposition of the Collateral is insufficient to pay the Secured Obligations.

SECTION 5.4 No Additional Waiver Implied by One Waiver. If the Borrower shall fail to perform any obligation it is required to perform under this Agreement, and such failure is thereafter waived by Lender, such waiver shall be limited to the particular failure so waived and shall not be deemed to waive any other failure to perform as required under this Agreement. Any forbearance by Lender under this Agreement shall be limited to the particular instance for which Lender forbears demand and shall not be deemed a forbearance of any other obligation under this Agreement.

SECTION 5.5 Nature of Lender's Rights. The rights of Lender to the Collateral held for its benefit under this Agreement shall not be subject to any right of redemption the Borrower might otherwise have and shall not be suspended, discontinued or reduced or terminated for any cause, including, without limiting the generality of the foregoing, any event constituting force majeure or any acts or circumstances that may constitute commercial frustration of purpose.

## ARTICLE VI MISCELLANEOUS PROVISIONS

SECTION 6.1 Fees, Costs and Expenses; Indemnification. The Borrower agrees to reimburse Lender on demand, for all out-of-pocket costs and expenses incurred by Lender in connection with the administration and enforcement of this Agreement and agrees to indemnify and hold harmless Lender from and against any and all losses, costs, claims, damages, penalties, causes of action, suits, judgments, liabilities and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred by Lender under this Agreement or in connection with this Agreement, unless such liability shall be due to willful misconduct or gross negligence on the part of Lender or its agents or employees. If the Borrower fails to do any act or thing which it has covenanted to do under this Agreement or any representation or warranty on the part of the Borrower contained in this Agreement or repeated and reaffirmed in this Agreement is breached, Lender may (but shall not be obligated to) do the same or cause it to be done or remedy any such breach, and may expend its funds for such purpose. Any and all amounts so expended by Lender shall be repayable to it by the Borrower upon Lender's demand. The obligations of the Borrower under this Section shall survive the termination of this Agreement and the discharge of the other obligations of the Borrower under this Agreement.

SECTION 6.2 Termination. This Agreement and the assignments, pledges and security interests created or granted by this Agreement shall create a continuing security interest in the Collateral and shall terminate upon the earlier to occur of (i) Payment in Full of the Bonds or Borrower's surrender of the Bonds for cancellation (but only with Lender's advance approval), or (ii) the Maturity Date of the Loan (as provided and defined in the Loan Agreement). Upon such termination, the Lender shall reassign and deliver to the Borrower all Collateral and documents then in its custody or possession, and if requested by the Borrower, shall, at the cost and expense of the Borrower, execute and deliver to the Borrower for recording or filing in each office in which any assignment or financing statement relative to the Collateral or the agreements relating thereto or any part of the Collateral, shall have been filed or recorded, a termination statement or release under applicable law (including, if relevant, the UCC) releasing the Lender's interest therein, and such other documents and instruments as the Borrower may reasonably request all without recourse to or warranty whatsoever by the Lender and at the cost and expense of the Borrower.

SECTION 6.3 No Deemed Waiver. No failure on the part of Lender or any of its agents to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by Lender or any of its agents of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein are cumulative and are not exclusive of any remedies provided by law.

SECTION 6.4 Entire Agreement. This Agreement, and the Second Modification, Modification Documents, Bond Program Documents and Loan Documents referenced herein, constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among the parties to this Agreement with respect to the subject matter of this Agreement.

SECTION 6.5 Successors and Assigns. This Agreement shall inure to the benefit of, and be enforceable by, the Borrower and Lender and their respective successors and permitted assigns, and nothing herein expressed or implied shall be construed to give any other Person any legal or equitable rights under this Agreement.

SECTION 6.6 Amendment. The Borrower and Lender agree that this Agreement may be amended, changed, waived or modified only by an instrument in writing executed by their duly authorized representatives.

SECTION 6.7 Notices. Any notice, demand, request or other communication which any party hereto may be required or may desire to give hereunder shall be in writing and shall be deemed to have been properly given (a) if hand delivered, when delivered; or (b) if by Federal Express or other reliable overnight courier service, on the next Business Day after delivered to such courier service as set forth below:

Borrower: Ten Side Holdings, LLC, f/k/a Tivoli 643 Holdings, LLC  
c/o Tivoli Properties, Inc.  
One Overton Park  
3625 Cumberland Parkway  
Suite 1150  
Atlanta, Georgia 30339  
Attention: Scott Leventhal

With a copy to: Jones Day  
1420 Peachtree Street, N.E., Suite 800  
Atlanta, Georgia 30309  
Attention: Scott A. Specht, Esq.

Lender: KeyBank National Association  
127 Public Square  
Cleveland, Ohio 44114  
Attention: Commercial Real Estate Department

With a copy to:

Thompson Hine LLP  
One Atlantic Center  
1201 West Peachtree Street  
Suite 2200  
Atlanta, Georgia 30309

Attention: Marci P. Schmerler, Esq.

SECTION 6.8 Governing Law. This Agreement shall be construed, and the obligations, rights and remedies of the parties under this Agreement shall be determined, in accordance with the laws of the State of Georgia without regard to conflicts of laws principles, except to the extent that the laws of the United States of America may prevail.

SECTION 6.9 WAIVER OF JURY TRIAL. THE PARTIES HERETO (I) COVENANT AND AGREE NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING UNDER THIS AGREEMENT TRIABLE BY A JURY AND (II) WAIVE ANY RIGHT TO TRIAL BY JURY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL BY THE PARTIES, AND THIS WAIVER IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A JURY TRIAL WOULD OTHERWISE ACCRUE.

SECTION 6.10 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party.

SECTION 6.11 Multiple Counterparts. This Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original. This Agreement may be transmitted between the parties by facsimile machine or PDF. If so executed, each of such counterparts is to be deemed an original for all purposes and all such counterparts shall collectively constitute one Agreement and a facsimile or PDF-transmitted Agreement containing signatures (original or faxed or PDF) of all the parties is binding on the parties.

The remainder of this page is intentionally blank.

The Borrower and Lender have caused this Agreement to be signed, on the date first written above, by their respective officers or representatives duly authorized.

BORROWER:

TEN SIDE HOLDINGS, LLC, a Georgia limited liability company, f/k/a  
TIVOLI 643 HOLDINGS, LLC, a Georgia limited liability company

By: Ten Side Member, LLC, a Georgia limited liability  
company, managing member

By: Ten Side Manager, LLC, a Georgia  
limited liability company, manager

By: Tivoli Properties, Inc. (Delaware), a Delaware  
corporation, manager

By: /s/ Scott L. Leventhal  
Scott L. Leventhal, President  
and Chief Executive Officer

(CORPORATE SEAL)

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LENDER

KEYBANK NATIONAL ASSOCIATION

By: /s/ Christian R. Gorissen

Christian R. Gorissen, Vice President

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**EXHIBIT A**

Closing Memorandum and Index for Closing Transcript

Indenture of Trust by and between The Atlanta Development Authority and The Bank of New York Mellon Trust Co., N.A., as trustee

Bond Purchase Agreement by and between The Atlanta Development Authority, Ten Side Holdings, LLC and The Bank of New York Mellon Trust Co., N.A., as trustee

Lease Agreement by and between The Atlanta Development Authority and Ten Side Holdings, LLC

Home Office Payment Agreement by and between The Bank of New York Mellon Trust Co., N.A., as trustee, The Atlanta Development Authority and Ten Side Holdings, LLC

Guaranty Agreement by and between The Bank of New York Mellon Trust Co., N.A., as trustee, and Ten Side Holdings, LLC

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EXHIBIT B  
Form of Bond Transfer Power

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**Bond Transfer Power**

FOR VALUE RECEIVED, \_\_\_\_\_ the undersigned, hereby sells, assigns and transfers unto \_\_\_\_\_ (Tax Identification or Social Security No. \_\_\_\_\_) the Atlanta Development Authority Taxable Lease Purchase Revenue Bond (Tivoli Tenside Project) Series 2009 Bond No. R\_ in the principal sum of \$ \_\_\_\_\_ (the "Bond") and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer such Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guarantee:

\_\_\_\_\_  
(Authorized Officer)  
Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

\_\_\_\_\_  
NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

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ALLONGE

to

Bond R-1

(Atlanta Development Authority

Taxable Lease Purchase Revenue Bond

(Tivoli Tenside Project) Series 2009

in the principal amount of \$70 million

and designated "R-1")

A request to transfer the attached Bond R-1 to BR CARROLL TENSIDE, LLC, a Delaware limited liability company, has been made to The Bank of New York Mellon Trust Company, N.A., as Trustee, under the Indenture of Trust (the "Indenture") between The Atlanta Development Authority and said Trustee, dated as of December 1, 2009, pursuant to Section 207 of the Indenture. This Bond R-1 will be surrendered for Bond R-2 registered to BR CARROLL TENSIDE, LLC, a Delaware limited liability company, upon its execution, authentication and delivery.

THIS BOND R-1 CANNOT BE TRANSFERRED TO ANY OTHER ENTITY AND REMAINS SUBJECT TO ALL RESTRICTIONS GOVERNING BOND R-1, INCLUDING ANY TRANSFER RESTRICTIONS SET FORTH THEREIN.

[Remainder of page is blank; signature pages follow]

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IN WITNESS WHEREOF, the undersigned have executed this Allonge as of the date written below.

**WATERTON TENSIDE OWNER, L.L.C.,**  
a Delaware limited liability company, as original holder of Bond R 1

Date of signature: \_\_\_\_\_

By: /s/ David R. Schwartz  
Name: David R. Schwartz  
Its: Authorized Signatory

[signatures continue on next page]

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BR CARROLL TENSIDE, LLC  
a Delaware limited liability company, as transferee of Bond R-1

By: /s/ Jordan Ruddy  
Jordan Ruddy, Authorized Signatory

Date of signature: \_\_\_\_\_

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## ASSIGNMENT AND ASSUMPTION OF BOND DOCUMENTS

This ASSIGNMENT AND ASSUMPTION OF BOND DOCUMENTS (this "Agreement"), is made as of this 14th day of July, 2016, by and between **WATERTON TENSIDE OWNER, L.L.C.**, a Delaware limited liability company ("Assignor"); and **BR CARROLL TENSIDE, LLC**, a Delaware limited liability company ("Assignee").

## WITNESSETH:

WHEREAS, pursuant to a Bond Resolution (the "Bond Resolution") adopted by the Atlanta Development Authority, a public body corporate and politic of the State of Georgia (the "Issuer") on November 20, 2008, and an Indenture of Trust (the "Indenture") dated as of December 1, 2009, between the Issuer and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Trustee"), the Issuer authorized the issuance of its "Atlanta Development Authority Taxable Lease Purchase Revenue Bond (Tivoli Tenside Project) Series 2009" to finance a capital project (the "Project"), and on December 30, 2009, the Issuer issued the initial bond, designated "R-1", to Assignor in the amount of \$70,000,000 (the "Bond"). Pursuant to that certain Assignment and Transfer of Bond dated on or about the date hereof, Assignor has sold, assigned and transferred unto Assignee the Bond and all rights thereunder.

WHEREAS, Assignor wishes to assign to Assignee all of its right, title, and interest in and to, and obligations under each of the following documents and agreements executed in connection with the issuance of the Bond: (1) the Bond Purchase Agreement, dated as of December 1, 2009, among the Issuer, Assignor (as successor in interest to and assignee of Ten Side Holdings, LLC, a Georgia limited liability company ("Ten Side Holdings"), as the original purchaser thereunder), in its capacity as purchaser thereunder (in such capacity, the "Purchaser"), and Assignor (as successor in interest to and assignee of Ten Side Holdings, as the original lessee thereunder), in its capacity as lessee under the Lease (as defined therein), (2) the Guaranty Agreement, dated as of December 1, 2009, between Assignor (as successor in interest to and assignee of Ten Side Holdings, as the original guarantor thereunder) and Trustee, and (3) the Home Office Payment Agreement, dated as of December 1, 2009, among the Issuer, Trustee, and Assignor (as successor in interest to and assignee of Ten Side Holdings, as the original purchaser), in its capacity as Purchaser and in connection with its use of the Project (as defined therein) financed with the proceeds of the Bond (collectively, the "Bond Documents"); and

WHEREAS, Assignee wishes to assume certain of Assignor's obligations under the Bond Documents arising from and after the date of this Agreement.

---

AGREEMENT:

NOW, **THEREFORE**, for and in consideration of the covenants and agreements herein contained, the parties hereby agree as follows:

1. **Defined Terms.** Capitalized terms not defined herein shall have the meanings ascribed thereto in the Bond Documents.

2. **Transfer of Rights and Assumption of Obligations.**

(a) Assignor does hereby absolutely and unconditionally grant, set over, deliver, sell, assign, transfer, and convey to Assignee (1) all of the right, title, interest, remedies, powers, options, benefits, and privileges of the "Company", the "Guarantor", the "Purchaser", and the "Bondholder" or "Holder", and all, if any, other right, title, interest, remedies, powers, options, benefits, and privileges of Assignor, in, to and under the Bond Documents.

(b) Assignee hereby assumes all duties and obligations of the "Company", the "Guarantor", the "Purchaser", and the "Bondholder" or "Holder" under the Bond Documents arising from and after the date of this Agreement, but only for so long as Assignee is the owner and holder of the right, title and interest assigned to Assignee hereunder.

3. **Miscellaneous.** This Agreement and the rights and obligations of Assignor and Assignee hereunder shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors, assigns, heirs, executors, administrators, and personal representatives, shall be governed by and constructed in accordance with the laws of the State of Georgia, and may not be modified or amended in any manner other than by a written agreement signed by all parties hereto.

[Remainder of this page is blank; signatures and seals follow]

---

**IN WITNESS WHEREOF**, each of the parties hereto has caused this instrument to be executed, sealed and delivered by its duly authorized representative, all effective as of the day and year first written above.

ASSIGNOR:

**WATERTON TENSIDE OWNER, L.L.C.**  
a Delaware limited liability company

By: /s/ David R. Schwartz

Name: David R. Schwartz

Title: Authorized Signatory

[signatures continue on next page]

---

ASSIGNEE:

**BR CARROLL TENSIDE, LLC**  
a Delaware limited liability company

By: /s/ Jordan Ruddy  
Jordan Ruddy, Authorized Signatory

---

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ASSIGNMENT AND ASSUMPTION OF LEASE DOCUMENTS

————— ··· ————— Space Above This Line for Recorder’s Use —————  
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Return To:  
Fidelity National Title Group  
5565 Glenridge Connector, STE 300  
Atlanta, GA 30342  
Attn: Charlotte Hayes - cv

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STATE OF GEORGIA

COUNTY OF FULTON

ASSIGNMENT AND ASSUMPTION OF LEASE DOCUMENTS AND OPTION RIGHTS

This ASSIGNMENT AND ASSUMPTION OF LEASE DOCUMENTS AND OPTION RIGHTS (this "Agreement"), is made as of this 14th day of July, 2016, by and between WATERTON TENSIDE OWNER, L.L.C., a Delaware limited liability company ("Assignor"), and BR CARROLL TENSIDE, LLC, a Delaware limited liability company. ("Assignee").

WITNESSETH:

WHEREAS, pursuant to a Bond Resolution (the "**Bond Resolution**") adopted by the Atlanta Development Authority, a public body corporate and politic of the State of Georgia (the "**Issuer**") on November 20, 2008, and an Indenture of Trust (the "**Indenture**") dated as of December 1, 2009, between the Issuer and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "**Trustee**"), the Issuer authorized the issuance of its "The Atlanta Development Authority Taxable Lease Purchase Revenue Bond (Tivoli Tenside Project) Series 2009" to finance a capital project (the "**Project**"), and on December 30, 2009, the Issuer issued the initial bond, designated "R-1 ", to Assignor in the amount of \$70,000,000 (the "**Bond**");

**WHEREAS**, Assignor wishes to assign to Assignee all of its right, title, and interest in and to, and obligations under each of the following documents and agreements executed in connection with the issuance of the Bond: (1) the Lease Agreement dated as of December 1, 2009, between Assignor (as successor in interest to and assignee of Ten Side Holdings, LLC, a Georgia limited liability company ("**Ten Side Holdings**"), as the original lessee thereunder) and the Issuer and the Memorandum of Lease, dated as of December 29, 2009, between Assignor (as successor in interest to and assignee of Ten Side Holdings, as the original lessee thereunder) and the Issuer, recorded on December 30, 2009, in the Official Records of the Superior Court of Fulton County, Georgia in Deed Book 48667, Page 521 (collectively, the "Lease"), demising the leased premises located in the City of Atlanta, Fulton County, Georgia and described therein and legally described in Exhibit A, attached hereto and incorporated herein by reference (the "**Premises**"); and (2) the Memorandum of Agreement Regarding Lease Structure and Valuation of Leasehold Interest (Ten Side Holdings, LLC) dated February 9, 2010, among the Issuer, Assignor (as successor in interest to and assignee of Ten Side Holdings, as an original party thereto), and Fulton County Board of Assessors (the "**Memorandum**") (the Lease and the Memorandum, collectively, the "**Lease Documents**"); and

---

WHEREAS, Assignee wishes to assume certain of Assignor's obligations under the Lease Documents arising from and after the date of this Agreement.

**AGREEMENT:**

NOW, THEREFORE, for and in consideration of the covenants and agreements herein contained, the parties hereby agree as follows:

1. **Defined Terms.** Capitalized terms not defined herein shall have the meanings ascribed thereto in the Lease Documents.
2. **Transfer of Rights and Assumption of Obligations.**

(a) Assignor does hereby absolutely and unconditionally grant, set over, deliver, sell, assign, transfer, and convey to Assignee (1) all of the right, title, interest, remedies, powers, options (including, without limitation, options to purchase the leased premises under the Lease), benefits, and privileges of the "Lessee", and all, if any, other right, title, interest, remedies, powers, options, benefits, and privileges of Assignor, in, to and under the Lease Documents, together with all right, title and interest of the "Lessee" under the Lease, and all, if any, other right, title and interest of Assignor, in and to the Premises and any and all rights, members and appurtenances thereto (collectively, the "**Leasehold Estate**"); and Assignor shall warrant and forever defend the right and title to the Leasehold Estate unto Assignee, and the successors, legal representatives and assigns of Assignee, against the claims of all persons whomsoever claiming by, through, or under Assignor but not otherwise.

(b) Assignee hereby assumes all duties and obligations of the "Lessee" under the Lease Documents arising from and after the date of this Agreement.

3. **Miscellaneous.** This Agreement and the rights and obligations of Assignor and Assignee hereunder shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors, assigns, heirs, executors, administrators, and personal representatives, shall be governed by and construed in accordance with the laws of the State of Georgia, and may not be modified or amended in any manner other than by a written agreement signed by all parties hereto.

---

IN WITNESS WHEREOF, each of the parties hereto has caused this instrument to be executed) sealed and delivered by its duly authorized representative, all effective as of the day and year first written above.

ASSIGNOR:

WATERTON TENSIDE OWNER, L.L.C.,  
a Delaware limited liability company

By: /s/ David R. Schwartz  
Name: David R. Schwartz  
Title: Authorized Signatory

Signed, Sealed and Delivered in the Presence of:



Unofficial Witness

/s/ Carolyn Martha Lagor  
Notary Public

My Commission Expires: 5/17/2019

[AFFIX NOTARY SEAL]



Signed, sealed and delivered in the  
Presence of:  
/s/ Molly Brown  
Unofficial Witness

/s/ Dale Pozzi  
Notary Public

(NOTARIAL SEAL)

My commission expires: \_\_\_\_\_

DALE POZZI  
NOTARY PUBLIC STATE OF NEW YORK  
No. 01P0627539 7  
Qualified In New York County  
My Commission Expires January 28, 2017

ASSIGNEE:

**BR CARROLL TENSIDE, LLC**  
a Delaware limited liability company

By: /s/ Jordan Ruddy  
Jordan Ruddy, Authorized Signatory

EXHIBIT A

LEGAL DESCRIPTION

ALL THAT TRACT OR PARCEL OF LAND lying and being in Land Lot(s) 149 & 150 of the 17TH District, Fulton County, Georgia and being more particularly described as follows:

Beginning at a pk nail set at the southwest end of the mitered intersection of the westerly right-of-way line of Northside Drive (90' R/W) and the northerly right-of-way line of Tenth Street (60' R/W) said point being the POINT OF BEGINNING; thence along the northerly right-of-way line of Tenth Street (60' R/W) the following courses and distances: North 89 degrees 35 minutes 01 seconds West a distance of 27.90 feet to a point; thence, North 89 degrees 34 minutes 09 seconds West a distance of 243.08 feet to a point; thence North 89 degrees 31 minutes 07 seconds West a distance of 149.89 feet to a pk nail set at the intersection of said right-of-way line and the easterly right-of-way line of Watkins street (R/W Varies); thence along the easterly right-of-way line of Watkins Street (R/W Varies) North 02 degrees 59 minutes 27 seconds East a distance of 245.14 feet to a pk nail set at the intersection of said right-of-way line and the southerly right-of-way line of Edgehill Avenue (40' R/W); thence along the southerly right-of-way line of Edgehill Avenue (40' R/W) South 84 degrees 28 minutes 25 seconds East a distance of 149.84 feet to a point; thence leaving said right-of-way line North 00 degrees 03 minutes 05 seconds West a distance of 40.33 feet to a point; thence North 00 degrees 05 minutes 47 seconds East, a distance of 107.91 feet to a pk nail set; thence South 89 degrees 42 minutes 31 seconds East a distance of 39.73 feet to a pk nail set; thence North 00 degrees 22 minutes 13 seconds East a distance of 100.06 feet to a pk nail set on the southerly right-of-way line of Eleventh Street (40' R/W); thence along said right-of-way line the following courses and distances: North 89 degrees 56 minutes 42 seconds East a distance of 142.12 feet to a point; thence South 89 degrees 58 minutes 43 seconds East a distance of 105.45 feet to a pk nail set of the intersection of said right-of-way line and the westerly right-of-way line of Northside Drive (90' R/W); thence along the westerly right-of-way line of Northside Drive (90' R/W) the following courses and distances: South 00 degrees 19 minutes 26 seconds West a distance of 147.18 feet to a point; thence South 00 degrees 26 minutes 51 seconds West a distance of 69.53 feet to a point; thence South 00 degrees 32 minutes 10 seconds West a distance of 242.59 feet to a pk nail set; thence South 48 degrees 31 minutes 09 seconds West a distance of 34.07 feet to a pk nail set and the TRUE POINT OF BEGINNING ..

---

**LTIP UNIT VESTING AGREEMENT**

**Under the Bluerock Residential Growth REIT, Inc.  
Amended and Restated 2014 Equity Incentive Plan for Entities**

**Name of Grantee:** BRG Manager, LLC  
**No. of LTIP Units:** 176,610  
**Grant Date:** August 3, 2016  
**Final Acceptance Date:** August 3, 2016

Pursuant to the Bluerock Residential Growth REIT, Inc. Amended and Restated 2014 Equity Incentive Plan for Entities, dated effective as of May 28, 2015 (the “**Plan**”), and the Second Amended and Restated Agreement of Limited Partnership, dated April 2, 2014, as amended (the “**Partnership Agreement**”) of Bluerock Residential Holdings, L.P., a Delaware limited partnership (the “**Partnership**”), Bluerock Residential Growth REIT, Inc., a Maryland corporation and the general partner of the Partnership (the “**Company**”), and for the provision of services to or for the benefit of the Partnership in a partner capacity or in anticipation of being a partner, pursuant to that certain Management Agreement among the Company, the Partnership and the Grantee dated as of April 2, 2014 (the “**Management Agreement**”), hereby grants to the Grantee named above an Other Equity-Based Award (as defined in the Plan) (an “**Award**”) in the form of, and by causing the Partnership to issue to the Grantee named above, the number of LTIP Units (as defined in the Partnership Agreement) specified above having the rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption and conversion set forth herein and in the Partnership Agreement. Upon acceptance of this LTIP Unit Vesting Agreement (this “**Agreement**”), the Grantee shall receive, effective as of the Grant Date, the number of LTIP Units specified above, subject to the restrictions and conditions set forth herein and in the Partnership Agreement.

**1. Acceptance of Agreement.** The Grantee shall have no rights with respect to this Agreement unless he or she shall have accepted this Agreement prior to the close of business on the Final Acceptance Date specified above by signing and delivering to the Partnership a copy of this Agreement. Upon acceptance of this Agreement by the Grantee, the Partnership Agreement shall be amended to reflect the issuance to the Grantee of the LTIP Units so accepted, effective as of the Grant Date. Thereupon, the Grantee shall have all the rights of a Limited Partner of the Partnership with respect to the number of LTIP Units specified above, as set forth in the Partnership Agreement, subject, however, to the restrictions and conditions specified in Section 2 below.

**2. Restrictions and Conditions.**

(a) The records of the Partnership evidencing the LTIP Units granted herein shall bear an appropriate legend, as determined by the Partnership in its sole discretion, to the effect that such LTIP Units are subject to restrictions as set forth herein and in the Partnership Agreement.

(b) LTIP Units granted herein may not be sold, transferred, pledged, exchanged, hypothecated or otherwise disposed of by the Grantee prior to vesting.

(c) Subject to the provisions of Section 4, any LTIP Units subject to this Award that have not become vested on or before the effective date of termination of the Management Agreement shall be forfeited as of such effective termination date.

3. **Vesting of LTIP Units.** The restrictions and conditions in Section 2 of this Agreement shall lapse with respect to the number of LTIP Units specified below on the Vesting Dates specified below, so long as the Management Agreement remains effective from the Grant Date until such Vesting Dates.

<u>Number of LTIP Units Vested</u>	<u>Vesting Dates</u>
58,870	August 3, 2017
58,870	August 3, 2018
58,870	August 3, 2019

Subsequent to such Vesting Dates, the LTIP Units on which all restrictions and conditions have lapsed shall no longer be deemed restricted.

4. **Acceleration of Vesting in Special Circumstances.** Notwithstanding Section 2 above, all restrictions on all LTIP Units subject to this Award shall be deemed waived by the Committee (as defined in the Plan) and all LTIP Units granted hereby shall automatically become fully vested on the date specified below:

(a) the effective termination date of the Management Agreement upon any termination of the Management Agreement resulting in the Termination Fee (as defined in the Management Agreement) becoming payable to the Grantee, or resulting in an election regarding the acquisition of the Grantee by the Company pursuant to Section 10(f)(ii) of the Management Agreement; or

(b) a Control Change Date (as defined in the Plan).

5. **Merger-Related Action.** In contemplation of and subject to the consummation of a consolidation or merger or sale of all or substantially all of the assets of the Company in which outstanding common shares are exchanged for securities, cash, or other property of an unrelated corporation or business entity or in the event of a liquidation of the Company (in each case, a "**Transaction**"), the Board of Directors of the Company, or the board of trustees or directors of any corporation assuming the obligations of the Company (the "**Acquiror**"), may, in its discretion, take any one or more of the following actions, as to the outstanding LTIP Units subject to this Award: (i) provide that such LTIP Units shall be assumed or equivalent awards shall be substituted, by the acquiring or succeeding entity (or an affiliate thereof), and/or (ii) upon prior written notice to the LTIP Unitholders (as defined in the Partnership Agreement) of not less than 30 days, provide that such LTIP Units shall terminate immediately prior to the consummation of the Transaction. The right to take such actions (each, a "**Merger-Related Action**") shall be subject to the following limitations and qualifications:

(a) if all LTIP Units awarded to the Grantee hereunder are eligible, as of the time of the Merger-Related Action, for conversion into Common Units (as defined and in accordance with the Partnership Agreement) and the Grantee is afforded the opportunity to effect such conversion and receive, (A) in consideration for the Common Units into which the Grantee's LTIP Units shall have been converted, the same kind and amount of consideration as other holders of Common Units in connection with the Transaction, or (B) the kind and amount of consideration payable to holders of the number of common shares into which such Common Units could be exchanged (including the right to make elections as to the type of consideration), then Merger-Related Action of the kind specified in (i) or (ii) of the first paragraph of Section 5 above shall be permitted and available to the Company and the Acquiror;

(b) if some or all of the LTIP Units awarded to the Grantee hereunder are not, as of the time of the Merger-Related Action, so eligible for conversion into Common Units (in accordance with the Partnership Agreement), and the acquiring or succeeding entity is itself, or has a subsidiary which is organized as a partnership or limited liability company (consisting of a so-called "UPREIT" or other structure substantially similar in purpose or effect to that of the Company and the Partnership), then Merger-Related Action of the kind specified in clause (i) of this Section 5 above must be taken by the Acquiror with respect to all LTIP Units subject to this Award which are not so convertible at the time, whereby all such LTIP Units covered by this Award shall be assumed by the acquiring or succeeding entity, or equivalent awards shall be substituted by the acquiring or succeeding entity, and the acquiring or succeeding entity shall preserve with respect to the assumed LTIP Units or any securities to be substituted for such LTIP Units, as far as reasonably possible under the circumstances, the distribution, special allocation, conversion and other rights set forth in the Partnership Agreement for the benefit of the LTIP Unitholders; and

(c) if some or all of the LTIP Units awarded to the Grantee hereunder are not, as of the time of the Merger-Related Action, so eligible for conversion into Common Units (in accordance with the Partnership Agreement), and after exercise of reasonable commercial efforts the Company or the Acquiror is unable to treat the LTIP Units in accordance with Section 5(b), then Merger-Related Action of the kind specified in clause (ii) of this Section 5 above must be taken by the Company or the Acquiror, in which case such action shall be subject to a provision that the settlement of the terminated award of LTIP Units which are not convertible into Common Units requires a payment of the same kind and amount of consideration payable in connection with the Transaction to a holder of the number of Common Units into which the LTIP Units to be terminated could be converted or, if greater, the consideration payable to holders of the number of common shares into which such Common Units could be exchanged (including the right to make elections as to the type of consideration) if the Transaction were of a nature that permitted a revaluation of the Grantee's capital account balance under the terms of the Partnership Agreement, as determined by the Committee in good faith in accordance with the Plan.

6. **Distributions.** Distributions on the LTIP Units shall be paid currently to the Grantee in accordance with the terms of the Partnership Agreement. The right to distributions set forth in this Section 6 shall be deemed a Dividend Equivalent Right for purposes of the Plan.

7. **Incorporation of Plan.** Notwithstanding anything herein to the contrary, this Agreement shall be subject to and governed by all the terms and conditions of the Plan. Capitalized terms used in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

8. **Covenants.** The Grantee hereby covenants as follows:

(a) So long as the Grantee holds any LTIP Units, the Grantee shall disclose to the Partnership in writing such information as may be reasonably requested with respect to ownership of LTIP Units as the Partnership may deem reasonably necessary to ascertain and to establish compliance with provisions of the Code applicable to the Partnership or to comply with requirements of any other appropriate taxing authority.

(b) The Partnership and the Grantee hereby agree to treat the Grantee as the owner of the LTIP Units from the Grant Date. The Grantee hereby agrees to take into account the distributive share of Partnership income, gain, loss, deduction, and credit associated with the LTIP Units in computing the Grantee's income tax liability for the entire period during which the Grantee has the LTIP Units.

(c) The Grantee hereby recognizes that the IRS has proposed regulations under Sections 83 and 704 of the Code that may affect the proper treatment of the LTIP Units for federal tax purposes. In the event that those proposed regulations are finalized, the Grantee hereby agrees to cooperate with the Partnership in amending this Agreement and the Partnership Agreement, and to take such other action as may be required, to conform to such regulations.

(d) The Grantee hereby recognizes that the U.S. Congress is considering legislation that could change the federal tax consequences of owning and disposing of LTIP Units.

9. **Transferability.** This Agreement is personal to the Grantee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution, without the prior written consent of the Company.

10. **Amendment.** The Grantee acknowledges that the Plan may be amended or terminated in accordance with Article XVI thereof and that this Agreement may be amended or canceled by the Committee, on behalf of the Partnership, for the purpose of satisfying changes in law or for any other lawful purpose, provided that no such action shall adversely affect the Grantee's rights under this Agreement without the Grantee's written consent. The provisions of Section 5 of this Agreement applicable to the termination of the LTIP Units covered by this Award in connection with a Transaction (as defined in Section 5 of this Agreement) shall apply, *mutatis mutandi* to amendments, discontinuance or cancellation pursuant to this Section 10 or the Plan.

11. **Notices.** Notices hereunder shall be mailed or delivered to the Partnership at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with the Partnership or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

12. **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, applied without regard to conflict of law principles. The parties agree that any action or proceeding arising directly, indirectly or otherwise in connection with, out of, related to or from this Agreement, any breach hereof or any action covered hereby, shall be resolved within the State of Delaware and the parties hereto consent and submit to the jurisdiction of the federal and state courts located within the District of Delaware. The parties hereto further agree that any such action or proceeding brought by either party to enforce any right, assert any claim, obtain any relief whatsoever in connection with this Agreement shall be brought by such party exclusively in federal or state courts located within the District of Delaware.

*[Remainder of page intentionally left blank. Signature page follows.]*

The foregoing LTIP Unit Vesting Agreement is hereby agreed to by the Company, the Partnership and the Grantee on the date shown below.

Date: August 3, 2016

**COMPANY:**

**Bluerock Residential Growth REIT, Inc.**  
a Maryland corporation

By: /s/ R. Ramin Kamfar  
Name: R. Ramin Kamfar  
Title: President and CEO

**PARTNERSHIP:**

**Bluerock Residential Holdings, L.P.**  
a Delaware limited partnership

By: **Bluerock Residential Growth REIT, Inc.,**  
its General Partner

By: /s/ R. Ramin Kamfar  
Name: R. Ramin Kamfar  
Title: President and CEO

**GRANTEE:**

**BRG Manager, LLC**  
a Delaware limited liability company

By: /s/ R. Ramin Kamfar  
Name: R. Ramin Kamfar  
Title: Authorized Signatory

Grantee's address:

c/o Bluerock Real Estate, L.L.C.  
712 Fifth Avenue, 9<sup>th</sup> Floor  
New York, NY 10019  
Attn: R. Ramin Kamfar & Michael L. Konig

**SALE-PURCHASE AGREEMENT**

**between**

**RPG GLENRIDGE LLC,  
a Delaware limited liability company**

**Seller,**

**and**

**CARROLL ACQUISITIONS, LLC,  
a Georgia limited liability company**

**Purchaser.**

**Premises:**

**“Nevadan Apartments”  
5501 Glenridge Drive  
Atlanta, Georgia 30342**

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Exhibits

<u>Exhibit</u>	<u>Description</u>
A	Description of the Land
B	Existing Leases
C	Excluded Personal Property
D	Existing Contracts
E	Existing Violations
F	Form of Deed
G	Form of Bill of Sale
H	Form of Assignment and Assumption of Leases
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K	Form of FIRPTA Certification
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P	List of Material Litigation
Q	Allocation of Purchase Price
R	Environmental Reports

## SALE-PURCHASE AGREEMENT

THIS SALE-PURCHASE AGREEMENT (this "Agreement"), is made as of this 12th day of August, 2016 (the "Effective Date"), between RPG GLENRIDGE LLC, a limited liability company organized under the laws of the State of Delaware, having an office at c/o AION Partners, 11 East 44th Street, Suite 1000, New York, New York 10017 ("Seller"), and CARROLL ACQUISITIONS, LLC, a limited liability company organized under the laws of the State of Georgia, having an office at 3340 Peachtree Road, Suite 2250, Atlanta, Georgia 30326 ("Purchaser").

**WITNESSETH:**

WHEREAS, Seller is the owner of the Premises (as hereinafter defined); and

WHEREAS, Seller desires to sell, and Purchaser desires to purchase, the Premises, on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, Seller and Purchaser hereby agree as follows:

**1. Sale-Purchase.**

1.1. Seller agrees to sell and convey to Purchaser, and Purchaser agrees to purchase from Seller, upon the terms and conditions hereinafter set forth, all of Seller's right, title and interest in and to the following (collectively, the "Premises"):

(a) all that certain plot, piece and parcel of land located in the County of Fulton and the State of Georgia, described in Exhibit A attached hereto and made a part hereof, together with all easements, rights of way, privileges, appurtenances and other rights, if any, pertaining thereto (collectively, the "Land"), which Land is located at 5501 Glenridge Drive, Atlanta, Georgia 30342;

(b) all buildings and improvements located on the Land and all of Seller's right, title and interest in and to any and all fixtures attached thereto (collectively, the "Improvements");

(c) all equipment, machinery, apparatus, appliances, and other articles of personal property located on and used in connection with the operation of the Improvements (collectively, the "Personal Property"), to the extent any of same are owned by Seller;

(d) subject to the terms of Section 3 of this Agreement, the Contracts (as such capitalized term is hereinafter defined);

(e) to the extent assignable and subject to the terms hereof, all licenses, franchises, permits, certificates of occupancy, authorizations and approvals used in or relating to the ownership, occupancy or operation of any part of the Improvements (the "Permits");

(f) the leases and occupancy agreements described on Exhibit B attached hereto and made a part hereof (as amended, modified, renewed or extended in accordance with this Agreement, the "Existing Leases", and together with any new leases and occupancy agreements entered into after the Effective Date in accordance with this Agreement, the "Leases"); and

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(g) to the extent assignable and subject to the terms hereof, all of the interest of Seller in any and all rights, warranties and guaranties pertaining to the Land, Improvements, Personal Property, Contracts, Permits and Leases (collectively the “Intangible Property”).

1.2. Notwithstanding the foregoing, the sale of the Property contemplated by this Agreement shall not include the personal property listed in Exhibit C attached hereto and made a part hereof (the “Excluded Personal Property”), which Excluded Personal Property is expressly excluded from such conveyance.

## **2. Purchase Price.**

The purchase price for the Premises (the “Purchase Price”) is SIXTY-NINE MILLION FIVE HUNDRED THOUSAND and 00/100 Dollars (\$69,500,000.00), payable as follows:

2.1. Within three (3) Business Days of the execution and delivery of this Agreement by Purchaser, the amount of TWO HUNDRED FIFTY THOUSAND and 00/100 Dollars (\$250,000.00) (the “Initial Deposit”), by wire transfer of immediately available federal funds to the order of Chicago Title Insurance Company, c/o Fidelity National Title Group, 5565 Glenridge Drive, Suite 300, Atlanta, Georgia 30342, Attn: Chris Valentine (chris.valentine@fntg.com) (in such capacity, the “Escrow Agent”), receipt of which is hereby acknowledged by Escrow Agent, which Initial Deposit shall be held by Escrow Agent in escrow pursuant to the provisions of Section 15 of this Agreement.

2.2. In the event Purchaser does not terminate this Agreement prior to the expiration of the Due Diligence Period (as hereinafter defined) pursuant to Section 35 of this Agreement, Purchaser shall, within three (3) Business Days of the expiration of the Due Diligence Period, deliver the amount of SEVEN HUNDRED FIFTY THOUSAND and 00/100 Dollars (\$750,000.00) (the “Additional Deposit”) by wire transfer of immediately available federal funds to the order of Escrow Agent. As used herein, (a) “Deposit” shall mean the Initial Deposit, together with the Additional Deposit and (b) “Downpayment” shall mean the Deposit together with all interest thereon.

2.3 Purchaser acknowledges and agrees that time shall be of the essence with respect to Purchaser’s obligation to deliver the Initial Deposit and the Additional Deposit. The Downpayment shall automatically become nonrefundable upon the expiration of the Due Diligence Period, unless Purchaser terminates (or is deemed to have terminated) this Agreement in accordance with the express provisions of this Agreement and Purchaser is entitled to the return of the Downpayment in accordance with the express provisions of Section 9 of this Agreement.

2.4. An amount equal to the Purchase Price less the Downpayment on the Closing Date (as hereinafter defined), as adjusted for prorations and apportionments as herein provided, by wire transfer of immediately available federal funds to an account or accounts designated by Seller (such funds, the “Closing Funds”). Purchaser acknowledges and agrees that time shall be of the essence with respect to Purchaser’s obligation to deliver the Closing Funds.

2.5. Notwithstanding the foregoing or anything to the contrary contained herein, a portion of the Initial Deposit in the amount of One Hundred and no/100 Dollars (\$100.00) shall be non-refundable (the “Independent Consideration”) which amount shall be distributed by Escrow Agent to Seller immediately following Purchaser’s delivery of the Initial Deposit to Escrow Agent, which amount Seller and Purchaser agree has been bargained for as independent consideration for (i) Seller’s execution and delivery of this Agreement, and (ii) Purchaser’s right to inspect the Premises pursuant to Section 35 below. Such sum is in addition to and independent of any other consideration or payment provided for in this Agreement and is non-refundable in all events.

### 3. Assignment of Contracts.

3.1. Purchaser acknowledges that Seller has disclosed to it that the Premises is subject to the contracts and agreements described on Exhibit D attached hereto and made a part hereof (as amended, modified, renewed or extended in accordance with this Agreement, the “Existing Contracts”, and together with any new contracts and agreements entered into after the Effective Date in accordance with this Agreement, the “Contracts”).

3.2. At Closing, Seller shall assign to Purchaser and Purchaser shall assume all Contracts not fully and effectively terminated as of Closing pursuant to Section 17.6 herein. Notwithstanding the foregoing, Purchaser shall not be required to assume any Contract that, by its terms, may not be assigned to and assumed by Purchaser without the consent of a third party, unless such third party’s written consent is actually obtained by Seller at or before the Closing, at Seller’s sole cost and expense.

### 4. Closing Date.

The consummation of the transactions contemplated hereby (the “Closing”), shall take place in escrow with the Escrow Agent or at a mutually acceptable location as agreed to by Purchaser and Seller, on the date that is thirty (30) days after the expiration of the Due Diligence Period (the “Initial Scheduled Closing Date”). Notwithstanding the foregoing provisions of this Section 4, both Seller and Purchaser shall each have the right, by delivering five (5) days’ prior written notice to the other party, to adjourn the Closing Date (as hereinafter defined) up to two (2) times (but not for more than thirty (30) days in the aggregate) (any date to which Seller or Purchaser so adjourns the Closing pursuant to the foregoing being referred to herein as an “Adjourned Closing Date”). As used herein, the term “Closing Date” shall mean the Initial Scheduled Closing Date, or, if the Closing is adjourned, any Adjourned Closing Date. It is expressly agreed by Seller and Purchaser that time is of the essence with respect to the parties’ respective obligations to close this transaction on the Closing Date.

### 5. Violations.

Subject to Seller’s obligations to provide Purchaser a credit with respect to same pursuant to this Section 5, Purchaser shall accept title to the Premises subject to all violations of law or municipal ordinances, orders or requirements issued by the departments of buildings, fire, labor, health or other federal, state, county, municipal or other departments and governmental agencies having jurisdiction against or affecting the Premises, and any outstanding work orders, whether any of the foregoing are outstanding as of the Effective Date (each, an “Existing Violation”) or noticed after the Effective Date (each, a “New Violation”; together with the Existing Violations, the “Violations”). Purchaser acknowledges that Seller shall have no restoration, repair or other obligation or liability of any kind or nature with respect to the Violations, except as expressly provided herein. Except as required by law or in connection with the transfer of the Premises, Purchaser shall not, without first obtaining the prior written consent of Seller, request that any governmental authority inspect or otherwise evaluate the condition of the Premises in respect of the existence of Violations, provided that the foregoing shall not prohibit Purchaser from making customary inquiries of governmental authorities as to whether Violations have been noticed by any such governmental authorities. Purchaser (i) acknowledges that Seller has disclosed to Purchaser and/or Purchaser is otherwise aware of the existence of the matters listed on Exhibit E attached hereto and made a part hereof, and (ii) agrees that same constitute Existing Violations for purposes of this Agreement. Notwithstanding anything to the contrary in the foregoing, Seller shall cause all Violations to be cured and shall furnish evidence of same to Purchaser’s reasonable satisfaction on or prior to the Closing Date, or, in the absence of such cure and evidence, Seller shall credit Purchaser at Closing an amount equal to the estimate of the costs and expenses required to cure any Violations outstanding as of the Closing Date, as established by quotes obtained from mutually acceptable third party contractors. Notwithstanding the foregoing to the contrary, in no event shall Seller be obligated to expend (whether in pursuit of a cure of such Violations or in the form of a credit to Purchaser) more than \$25,000 in connection with any such Violations; provided, however, if, at Closing, a Violation remains uncured as of the Closing Date, and Seller has elected not to give Purchaser a credit with respect to same because the cost of such cure exceeds \$25,000, then Purchaser shall have the right to terminate this Agreement and receive a refund of the Downpayment by written notice to Seller delivered on or prior to the Closing Date.

**6. Apportionments.**

6.1. The parties agree that the following shall be apportioned between Seller and Purchaser at the Closing, as of 11:59 p.m. of the day immediately preceding the Closing Date on the basis of the actual number of days of the month that shall have elapsed as of the Closing Date and based upon the actual number of days in the month and a 365-day year, with Seller receiving credit (and retaining obligations) with respect to any periods prior to the Closing Date, and Purchaser receiving credit (and assuming obligations) with respect to any period from and after the Closing Date, and the net aggregate amount thereof either shall be paid by Purchaser to Seller or credited to Purchaser towards the Purchase Price, as the case may be, at the Closing:

(i) Non-delinquent real property taxes and assessments (including, without limitation, any assessments relating to Permitted Title/Survey Exceptions (as hereinafter defined), business improvement district assessments or similar charges), water rates and charges, and sewer taxes, in each case, not otherwise payable directly to the taxing authority by any tenant under a Lease.

(ii) Fixed, escalation, additional and percentage rent, parking charges and all other charges under the Leases (including, without limitation, electricity and utility surcharges, administrative fees in connection with security deposits held by Seller under the Leases), if, as and when collected in accordance with Section 6.6 of this Agreement (all of the foregoing being collectively referred to as "Rents").

(iii) Charges under the Contracts.

(iv) Non-delinquent vault charges and taxes not otherwise payable directly to the taxing authority by any tenant under a Lease.

(v) Annual license, permit, franchise and inspection fees, to the extent transferred to Purchaser at Closing pursuant hereto.

(vi) Deposits, if any, on account with utility companies servicing the Premises (and Seller and Purchaser each agrees to cooperate to effectuate the transfer of any such deposits), provided that, at Seller's option, Seller will obtain a refund of any such utility deposits in effect and Purchaser shall provide Purchaser's own utility deposits directly to the applicable utility companies.

(vii) All other items (including, without limitation, utilities) customarily apportioned in connection with the sale of similar properties similarly located.

6.2. If the real property taxes and assessments (including, without limitation, any assessments relating to Permitted Title/Survey Exceptions, business improvement district assessments or similar charges), water rates and charges, and sewer taxes, in each case, not otherwise payable directly to the taxing authority by any tenant under a Lease are not finally fixed before the Closing Date, the apportionments thereof made at the Closing shall be based on the real property taxes and assessments assessed for the preceding fiscal year or the applicable billing period, or on estimated water and sewer charges and after the real property taxes or assessments or water and sewer charges are finally fixed, Seller and Purchaser shall, within thirty (30) days after the date such taxes or rates and charges are fixed, make a recalculation or the apportionment of the same, and Seller or Purchaser, as the case may be, shall promptly make an appropriate settlement with the other based upon such recalculation.

6.3. (i) If the Premises or any part thereof shall be or shall have been affected by any bond or special assessment prior to the Closing Date, such bond or special assessment due and relating to the period of time prior to the Closing Date shall be paid by Seller and such bond or special assessment due or relating to the period of time from and after the Closing Date shall be paid by Purchaser. If any bond or special assessment on the Premises is payable in installments, then the installment for the current period shall be prorated (with Purchaser assuming the obligation to pay any installments due from and after the Closing Date).

(ii) If the Premises or any part thereof shall be or shall have been affected by any bond or special assessment on or subsequent to the Closing Date, whether or not payable in annual installments, the entire amount of such assessment shall be paid by Purchaser.

6.4. If there are any water meters on the Premises (other than meters measuring water consumption costs which are the obligation of tenants to pay under Leases), Seller shall furnish readings as close to Closing as reasonably practicable (provided such third-parties are able to provide such meter readings), but in any event not more than five (5) days prior to Closing, and the unfixed water rates and charges and sewer taxes and rents, if any, based thereon for the intervening time, shall be apportioned on the basis of such last readings. If there is any fuel on hand, Seller shall furnish a reading, and the unfixed charges for such fuel, for the period from the date of such reading until the Closing Date shall be apportioned based upon such reading.

6.5. The amount of any unpaid taxes, assessments, water charges, sewer taxes and rents and vault charges and taxes which Seller is obligated to pay and discharge, with interest and penalties thereon through and including the date two (2) days after the Closing Date may, at the option of Seller, be allowed to Purchaser out of the balance of the Purchase Price, provided that official bills therefor with interest and penalties thereon are furnished by Seller and paid at Closing. If there are any other liens or encumbrances which Seller is paying and discharging pursuant to Section 8 of this Agreement, Seller may use any portion of the Purchase Price to satisfy the same, provided that the Title Company (as hereinafter defined) shall be willing to insure Purchaser against collection of such liens and/or encumbrances, including interest and penalties, in which event such liens and encumbrances shall not be objections to title.

6.6. (i) To the extent that Purchaser or Seller receives Rents under Leases (including monthly payments of escalation and percentage rents and "pass-throughs") after the Closing Date, such Rents shall be distributed and applied in the following order of priority: (x) first, to Purchaser for Rents due and payable which accrue on or after the Closing Date until such tenants are current on post-Closing Rents; (y) second, to Purchaser and Seller on a prorated basis for Rents due and payable which accrue for the calendar month in which the Closing occurred; and (z) third, to Seller to the extent of all past due Rents which accrued pre-Closing.

(ii) Purchaser shall use good faith efforts to collect any and all Rents due pursuant to the Leases with respect to any period prior to Closing for a period of six (6) months thereafter, provided that Purchaser shall not be obligated to file suit or dispossess any tenant to collect same. If Seller is entitled, in accordance with the provisions of this Agreement, to all or any portion of any Rents owed by any tenant under a Lease and such tenant shall be in default of such tenant's obligation to pay such Rents, Seller reserves the right to commence any and all appropriate legal proceedings to collect such Rents only (i) against those former tenants who no longer occupy any portion of the Premises, and (ii) after the expiration of the aforesaid six (6) month period.

6.7. Prior to the Closing, Purchaser and Seller shall cooperate to arrange for utility services to the Premises to be discontinued in Seller's name, as of the day immediately prior to the Closing Date, and to be reinstated in Purchaser's name, as of the Closing Date. In the event that the foregoing cannot be effectuated, then Seller shall furnish readings of the applicable utility meters to a date not more than thirty (30) days prior to the Closing Date, and the unfixed charges, if any, based thereon for the intervening time, shall be apportioned on the basis of such last readings.

6.8. Intentionally Omitted.

6.9. It is the intention of the parties for Seller to transfer to Purchaser concurrently with the Closing all security deposits of tenants under the Leases, together with any interest accrued on such security deposits, provided, however, Seller shall have the right to deduct from any security deposit any amount due from a tenant of the Premises pursuant to the terms of such tenant's lease for matters arising prior to the Closing Date. To effectuate such intent, at Closing, Purchaser shall receive a credit against the Purchase Price in the amount of any such security deposits. In the event any security deposits are evidenced by letters of credit, Seller cause such letters of credit to be transferred to Purchaser effective as of the Closing Date, at Seller's sole cost and expense.

6.10. Intentionally Omitted.

6.11. To the extent units become vacant at the Premises more than five (5) days prior to the Closing Date (the "Rent-Ready Date"), Seller shall cause such vacant units to be put in Rent-Ready Condition (as hereinafter defined), and if Seller fails to make such units in Rent-Ready Condition by the Closing Date, Seller shall grant Purchaser a rent-ready credit at Closing against the Purchase Price in an amount equal to Six Hundred Twenty-Five and No/100 Dollars (\$625.00) (the "Rent-Ready Credit") for each unit that is not in Rent-Ready Condition. The term "Rent-Ready Condition" shall mean the condition in which Seller currently delivers vacant units to new tenants at the Premises in Sellers' ordinary course of business and operations, freshly painted and cleaned, with all appliances, fixtures, and equipment therein in good working order. Notwithstanding the foregoing or anything to the contrary contained herein, Seller shall have no obligation to provide a Rent-Ready Credit for any unit at the Premises which become vacant after the Rent-Ready Date.

6.12 Except as provided in Section 6.2, in the event the Closing occurs, the provisions of this Section 6 shall survive the Closing Date for six (6) months and either party shall have the right prior to expiration of such six (6) month period to require by written notice to the other that errors related to computations and calculations under this Section 6 be corrected or adjusted to reflect actual amounts, if prorations as of the Closing Date were based on estimates pursuant hereto, and the parties agree to negotiate in good faith to resolve any such errors or adjustments. Any errors or adjustments not raised prior to the expiration of such six (6) month period shall be deemed to be waived. Purchaser and Seller acknowledge and agree that the provisions of Section 37 do not apply with respect to post-closing corrections to the prorations contemplated by this Section 6.

**7. Closing Documents.**

7.1. At the Closing, Seller shall deliver to Purchaser (or the Title Company, as applicable) the following:

- (a) a Limited Warranty Deed, executed by Seller, in the form attached hereto as Exhibit F and made a part hereof (the “Deed”), duly executed by Seller and acknowledged on behalf of Seller, and if and to the extent the legal description of the Premises derived from the Updated Survey differs from the legal description set forth on Exhibit A hereto, a Quitclaim Deed conveying the as-surveyed legal description to Purchaser;
- (b) a quitclaim bill of sale, in the form attached hereto as Exhibit G and made a part hereof (the “Bill of Sale”), executed by Seller;
- (c) an assignment and assumption of leases, in the form attached hereto as Exhibit H and made a part hereof (the “Assignment and Assumption of Leases”), executed by Seller;
- (d) an assignment and assumption of Contracts, in the form attached hereto as Exhibit I and made a part hereof (the “Assignment and Assumption of Contracts”), executed by Seller;
- (e) an assignment and assumption of Intangible Property, in the form attached hereto as Exhibit J and made a part hereof (the “Assignment and Assumption of Intangible Property”), executed by Seller;
- (f) a “non-foreign person certification” that meets the requirements of Section 1445(b)(2) of the Internal Revenue Code of 1986, as amended, or any successor statute thereto (“Code”), in the form attached hereto as Exhibit K and made a part hereof, executed by (or on behalf of) Seller;
- (g) a signed notice to the tenants of the Premises, in the form attached hereto as Exhibit L and made a part hereof (the “Notice to Tenants”), executed by Seller;
- (h) a signed notice to the third parties under the Contracts, in the form attached hereto as Exhibit M and made a part hereof (the “Notice to Contract Parties”), executed by Seller;
- (i) all forms, affidavits and certificates required to be filed in connection with the imposition and/or payment of any and all applicable federal, state, county, municipal and other transfer taxes with respect to the transactions set forth herein, including, if applicable an affidavit required by O.C.G.A. Section 48-7-128 (an “Affidavit of Seller’s Residence”) (the foregoing, collectively, the “Conveyance Tax Documents”), in proper form for submission, prepared, executed and acknowledged by Seller;
- (j) evidence of termination of the existing property management agreement and any Contracts terminated at or prior to Closing pursuant to Section 17.6;

- (k) an affidavit regarding brokers in a form reasonably satisfactory to the Title Company;
- (l) a lien waiver executed by Broker in a form reasonably satisfactory to the Title Company;
- (m) a title or owner's affidavit as may be reasonably required by the Title Company in connection with the issuance of the title policy to Purchaser at Closing;
- (n) a written certification by Seller to Purchaser certifying that Seller's representations and warranties in Section 11 are true and correct in all material respects as of the Closing Date, except as expressly disclosed in such certificate;
- (o) a closing statement, acceptable to Seller in Seller's sole and absolute discretion, executed by Seller;
- (p) such documents (such as limited liability company resolutions, corporate resolutions or partnership authorizations and certified limited liability company, corporate or partnership organizational documents) as are reasonably required by the Title Company to evidence the authorization of the transactions contemplated by this Agreement (the foregoing shall only be delivered to the Title Company);
- (q) such additional documents as may be reasonably required by Purchaser or the Title Company in order to consummate the transactions hereunder (provided the same do not increase in any material respect the costs to, or liability or obligations of, Seller in a manner not otherwise provided for herein);
- (r) to the extent same are in the possession or reasonable control of Seller or its property manager, original counterparts of all Leases and any guarantees relating thereto, and all lease files related to same;
- (s) to the extent same are in the possession or reasonable control of Seller or its property manager, all plans and specifications with respect to the Premises;
- (t) to the extent same are in the possession or reasonable control of Seller or its property manager and are transferable to Purchaser, all original licenses, certificates and permits pertaining to the Premises and required for the use or occupancy thereof;
- (u) to the extent same are in the possession or reasonable control of Seller or its property manager, keys to all entrance doors to, and equipment and utility rooms located in, the Premises, to the extent such keys are in the possession of Seller; and
- (v) to the extent same are in the possession or reasonable control of Seller or its property manager, such other documents, instruments and/or deliveries as are required to be delivered by Seller pursuant to the terms of this Agreement.

7.2. At the Closing, Purchaser shall deliver to Seller (or the Title Company, as applicable) the following:

- (a) the Closing Funds;
- (b) the Assignment and Assumption of Leases, executed by Purchaser;
- (c) the Assignment and Assumption of Contracts, executed by Purchaser;
- (d) the Assignment and Assumption of Intangible Property, executed by Purchaser;
- (e) the Notice to Tenants, executed by Purchaser;
- (f) the Notice to Contract Parties, executed by Purchaser;
- (g) the Conveyance Tax Documents, executed and acknowledged by Purchaser, each in proper form for submission;
- (h) such documents (such as limited liability company resolutions, corporate resolutions or partnership authorizations and certified limited liability company, corporate or partnership organizational documents) as are reasonably required by Seller evidencing the authorization of the purchase of the Premises by Purchaser and the delivery by Purchaser of all of the Closing documents required by this Agreement;
- (i) such other documents as may reasonably be requested by the Title Company to evidence the authorization by Purchaser's managers, members, partners, joint venturers, shareholders and other controlling entities of Purchaser, of the acquisition of the Premises by Purchaser;
- (j) an affidavit regarding brokers in a form reasonably satisfactory to the Title Company;
- (k) a written certification by Purchaser to Seller certifying that Purchaser's representations and warranties in Section 11 are true and correct in all material respects as of the Closing Date, except as expressly disclosed in such certificate;
- (l) a closing statement executed by Purchaser; and
- (m) such additional documents as may be reasonably required by Seller or the Title Company in order to consummate the transactions hereunder (provided the same do not increase in any material respect the costs to, or liability or obligations of, Purchaser in a manner not otherwise provided for herein).

7.3. The acceptance of transfer of title to the Premises by Purchaser shall be deemed to be full performance and discharge of any and all obligations on the part of Seller to be performed pursuant to the provisions of this Agreement, except where such agreements and obligations are specifically stated to survive the Closing herein.

## 8. Title Insurance and Survey Matters.

8.1. Within five (5) days after the Effective Date, to the extent in the possession or reasonable control of Seller or its property manager, Seller shall deliver to Purchaser Seller's existing survey of the Premises (the "Existing Survey"). Purchaser may, at its sole cost, obtain and deliver to Seller (i) an update of the Existing Survey or a new survey (any such update or new survey being referred to as the "Updated Survey") and (ii) a commitment for title insurance (the "Title Commitment") through Chicago Title Insurance Company, c/o Fidelity National Title Group, 5565 Glenridge Drive, Suite 300, Atlanta, Georgia 30342, Attn: Chris Valentine ([chris.valentine@fntg.com](mailto:chris.valentine@fntg.com)) (the "Title Company") with respect to the Premises. The Existing Survey or the Updated Survey, as applicable, are referred to herein individually or collectively as the "Survey". If the Title Commitment or Survey discloses exceptions to title which are unacceptable to Purchaser (any such exception being referred to herein as an "Unpermitted Title/Survey Matters"), then Purchaser shall have the right to give Seller notice of any such Unpermitted Title/Survey Matters ("Purchaser's Title/Survey Objection Notice") on or prior to the date that is seven (7) Business Days prior to the expiration of the Due Diligence Period (the "Title/Survey Objection Out Date"). Any matters revealed by the Title Commitment and/or Survey, other than Monetary Liens (as defined herein) and matters which can be removed by Seller's delivery of a title or owner's affidavit reasonably satisfactory to the Title Company, which are not objected to by Purchaser on or prior to the Title/Survey Objection Out Date shall be deemed "Permitted Title/Survey Exceptions". In addition, any matters revealed by the Title Commitment and/or Survey that do not constitute Unpermitted Title/Survey Matters shall constitute Permitted Title/Survey Exceptions. Seller shall have five (5) Business Days following the receipt of any such notice in which to give Purchaser notice (the "Seller's Title/Survey Response") that Seller will either (a) cause such Unpermitted Title/Survey Matter(s) to be deleted from the Title Commitment or Survey or insured against by the Title Company or (b) not cause such Unpermitted Title/Survey Matter(s) to be deleted from the Title Commitment or Survey or insured against by the Title Company. If Seller gives notice pursuant to clause (a) above, then Seller will cause such Unpermitted Title/Survey Matter(s) to be deleted from the Title Commitment or Survey or cause such Unpermitted Title/Survey Matter(s) to be insured against by the Title Company prior to the Closing Date. If Seller (i) fails to deliver the Seller's Title/Survey Response to Purchaser within said five (5) Business Day period, or (ii) gives notice pursuant to clause (b) above, then Purchaser shall give written notice to Seller prior to the expiration of the Due Diligence Period either (x) terminating this Agreement (in which event the provisions of Section 9 of this Agreement shall apply to such termination) or (y) waiving the right to terminate this Agreement as a result of any such Unpermitted Title/Survey Matter(s). If Purchaser fails to deliver such notice terminating this Agreement pursuant to clause (x) above prior to expiration of the Due Diligence Period, then Purchaser shall be deemed to have elected under clause (y) above. If Purchaser elects (or is deemed to have elected) under clause (y) above in accordance with the foregoing, then any Unpermitted Title/Survey Matters previously objected to by Purchaser shall become Permitted Title/Survey Exceptions. Purchaser acknowledges that Seller shall be entitled to deliver Seller's notice under clause (a) or clause (b) above in Seller's sole and absolute discretion subject to the provisions of Section 8.3 of this Agreement and that Purchaser shall be required to accept title to the Premises subject to all Permitted Title/Survey Exceptions. Notwithstanding anything to the contrary contained herein, in the event Purchaser fails to submit objections with respect to Title/Survey Matters within the time period set forth above, then Purchaser will be deemed to have waived its right to object to matters appearing on the Title Commitment (or update thereto) or any Updated Survey (or update thereto) pursuant to Section 8.1 or Section 8.2.

8.2. Except as provided in Section 8.1 above, in the event that any update of the Title Commitment or the Survey shows any new matters or conditions which are both (A) not included within the list of Existing Title/Survey Matters shown on Exhibit N attached hereto and made a part hereof and are not Permitted Title/Survey Exceptions, and (B) material and adverse to Purchaser in Purchaser's reasonable judgment, Purchaser shall have the right to object to same by delivering notice (each such notice, a "Purchaser's Title/Survey Update Notice") thereof to Seller prior to the date that is the earlier of (X) the Closing Date or (Y) the date that is five (5) Business Days after Purchaser receives such update of the Title Commitment or the Survey (and if Purchaser fails to deliver such notice within such five (5) Business Day (or shorter) period, then Purchaser shall be deemed to have accepted such matters or conditions as Permitted Title/Survey Exceptions). Seller shall have five (5) Business Days following the receipt of any Purchaser's Title/Survey Update Notice (and if the expiration of such five (5) Business Day period is after the Closing Date, then, at the option of Seller, the Closing shall be adjourned to the date three (3) Business Days after the expiration of such five (5) Business Day period) in which to give Purchaser notice (each such notice, a "Seller's Title/Survey Update Response") that Seller will either (a) cause such new matter or condition to be deleted from the Title Commitment or Survey or insured against by the Title Company, as the case may be, or (b) not cause such new matter or condition to be deleted from the Title Commitment or removed from the Survey, or insured against by the Title Company, as the case may be. If Seller gives a Seller's Title/Survey Update Response pursuant to clause (a), then Seller will cause such new matter or condition to be deleted from the Title Commitment or Survey or insured against by the Title Company, as the case may be, to occur on or prior to the Closing Date (as same may be adjourned pursuant to the foregoing provisions of this Section 8.2), and Seller's failure to cure such matters as just described shall constitute a default by Seller hereunder. If Seller (i) fails to give any Seller's Title/Survey Update Response within said five (5) Business Day period, or (ii) gives notice pursuant to clause (b), then Purchaser will deliver written notice to Seller on or before the earlier of (I) one (1) Business Day prior to the Closing Date (as same may be adjourned pursuant to the foregoing provisions of this Section 8.2) or (II) the date that is three (3) Business Days following the earlier of the expiration of such five (5) Business Day period or the delivery of the Seller's Title/Survey Update Response, either (x) terminating this Agreement (in which event the provisions of Section 9 of this Agreement shall apply to such termination) or (y) waiving the right to terminate this Agreement as a result of any such new matter or condition. If Purchaser fails to deliver such notice terminating this Agreement pursuant to clause (x) within said three (3) Business Day (or shorter) period, then Purchaser shall be deemed to have elected under clause (y) above. If Purchaser elects to waive the right (or is deemed to have elected to waive the right) to terminate this Agreement pursuant to clause (y) above, then any new matter or condition previously objected to by Purchaser shall become Permitted Title/Survey Exceptions.

8.3. Notwithstanding anything contained herein to the contrary, except as specified in this Section 8.3, Seller shall have no obligation to take any steps, bring any action or proceeding or incur any effort or expense whatsoever to cure any title or survey objection, provided, however, notwithstanding the foregoing, Seller shall cause to be removed as exceptions to title or insured against by the Title Company the liens of any mortgages or deeds of trust of Seller and any and all judgment liens, tax liens and mechanics' and materialmens' liens caused by, through, or under Seller, which encumber or otherwise affect the Premises (collectively, "Monetary Liens"), whether or not same are included in Purchaser's Title/Survey Objection Notice or Purchaser's Title/Survey Update Notice.

## **9. Disposition of Downpayment.**

If (a) Purchaser is entitled to and does elect to terminate this Agreement in accordance with the provisions of Sections 8, 11, 14, or 35 of this Agreement or (b) Seller is entitled to and does elect to terminate this Agreement in accordance with the provisions of Section 21.2 of this Agreement, then Seller and Purchaser shall direct Escrow Agent to refund to Purchaser the Downpayment (or such portion thereof as shall have been deposited with Escrow Agent). Upon such delivery of the Downpayment to Purchaser, this Agreement shall terminate and neither party to this Agreement shall have any further rights or obligations hereunder, except for the Post-Termination Obligations (as hereinafter defined), which shall survive such termination.

## 10. Defaults and Remedies.

10.1 If Purchaser shall default hereunder (including, without limitation, a default hereunder based on a breach or breaches by Purchaser of Purchaser's Representations (as hereinafter defined) that is discovered prior to the Closing) or shall fail or refuse to perform Purchaser's obligation to purchase the Premises in accordance with this Agreement, Seller, as Seller's sole remedy (except as provided in this Section 10), shall have the right to cause Escrow Agent to deliver to Seller the Downpayment, as and for Seller's liquidated damages (the parties hereto acknowledging that it would be difficult or impossible to accurately ascertain the amount of Seller's damages), whereupon this Agreement shall terminate and neither party shall have any further rights or obligations under this Agreement other than the Post-Termination Obligations, which shall survive such termination. Notwithstanding the foregoing, the liquidated damages limitation set forth above shall (a) not limit or otherwise prevent Seller from receiving any amounts owed under Section 32 of this Agreement, (b) have no application to any claim made by Seller against Purchaser based on Purchaser's obligations under the Post-Termination Obligations, and in the event Seller has a claim against Purchaser based on any such Post-Termination Obligation, Seller shall be entitled to recover damages for such claim in addition to retention of the Downpayment and (c) not limit or otherwise prevent Seller from receiving any prejudgment interest (statutory or otherwise) awarded by a court in addition to retention of the Downpayment and any amounts owed under Section 32 of this Agreement. Notwithstanding anything to the contrary herein, in no event shall Purchaser be liable to Seller for any direct, punitive, speculative or consequential damages.

10.2 If Seller shall default hereunder or shall fail or refuse to perform Seller's obligation to convey title to the Premises in accordance with this Agreement, Purchaser, as Purchaser's sole remedy may either:

(a) terminate this Agreement and receive a refund of the Downpayment, whereupon this Agreement shall terminate and neither party shall have any further rights or obligations under this Agreement other than the Post-Termination Obligations, which shall survive such termination; or

(b) provided that Purchaser is not otherwise in default under this Agreement, bring an action against Seller to seek specific performance of Seller's obligations hereunder within thirty (30) days of the scheduled Closing Date. Such action for specific performance will not be construed to require Seller to cure any title defect (except as specifically provided in Section 8.3 of this Agreement). Notwithstanding anything to the contrary in this Agreement, if Purchaser elects to pursue the equitable remedy of specific performance and, due to the wrongful or intentional act of Seller, such remedy is not available, Purchaser may seek any other right or remedy available at law or in equity except as otherwise limited by this Agreement. The foregoing shall (a) not limit or otherwise prevent Purchaser from receiving any amounts owed under Section 32 of this Agreement, (b) have no application to any claim made by Purchaser against Seller based on Seller's obligations under the Post-Termination Obligations, and in the event Purchaser has a claim against Seller based on any such Post-Termination Obligation, Purchaser shall be entitled to recover damages for such claim in addition to any remedies set forth above.

If Purchaser believes that Seller has defaulted as aforesaid on or prior to the Closing Date, then Purchaser shall be required to elect one (1) of the remedies set forth in either Section 10.2(a) or Section 10.2(b) on or prior to the Closing Date and if Purchaser fails to make such an election same shall conclusively mean that Purchaser has determined to proceed under Section 10.2(a) of this Agreement. Notwithstanding anything to the contrary contained in this Agreement, in the event that Purchaser has actual knowledge that Seller has defaulted in any respect under this Agreement on or prior to the Closing Date and nonetheless proceeds to Closing, then same shall be deemed to be a waiver by Purchaser of any further right to make a claim arising out of such pre-Closing default. For the avoidance of doubt, Purchaser and Seller acknowledge that a breach of Seller's Representations that is alleged by Purchaser under this Agreement shall not be deemed to fall within this Section 10 (it being acknowledged that Purchaser's remedies in respect thereof are as set forth in Section 11 of this Agreement).

## 11. Representations.

11.1. Seller hereby represents and warrants to Purchaser that as of the Effective Date:

(a) Seller is a limited liability company duly organized and in good standing under the laws of the State of Delaware, and is in good standing under the laws of the State where the Premises are located;

(b) the execution, delivery and performance of this Agreement by Seller (i) are within Seller's corporate, partnership, limited liability company or other applicable powers and (ii) have been duly authorized by all necessary corporate, partnership, limited liability company or other applicable action;

(c) except with respect to Purchaser, Seller has not granted to any Person any option or other right to purchase the Premises or any portion thereof;

(d) Seller has not (i) made a general assignment for the benefit of creditors, (ii) filed a petition for voluntary bankruptcy or filed a petition or answer seeking reorganization or any arrangement or composition, extension or readjustment of its indebtedness, (iii) consented, in any creditor's proceeding, to the appointment of a receiver or trustee of Seller or any of its property or any part thereof, or (iv) been named as a debtor in an involuntary bankruptcy proceeding or received a written notice threatening the same;

(e) There are no pending eminent domain or condemnation proceedings, or other governmental taking of the Premises or any part thereof, and, to the actual knowledge of Seller, no such proceedings have been threatened with respect to the Premises;

(f) Seller is not a "foreign person" within the meaning of Section 1445 of the Code;

(g) Except as set forth on Exhibit E attached hereto, to Seller's actual knowledge, Seller has not received any written notice that the Premises is currently in violation of any applicable zoning, building, fire or other safety laws or regulations;

(h) Neither the execution and delivery of this Agreement, nor the consummation of the transactions herein contemplated conflict with or result in the material breach of any terms, conditions or provisions of or constitute a default under, any bond, note, or other evidence of indebtedness or any agreement to which Seller is a party. Except as set forth in this Agreement, no order, permission, consent, approval, license, authorization, registration or validation of, or filing with, or exemption by, any governmental agency or public authority is required to authorize, or is required in connection with, the execution, delivery and performance of this Agreement by Seller or the taking by Seller of any action contemplated by this Agreement;

(i) To Seller's actual knowledge as of the Effective Date, the rent roll attached hereto as Exhibit B (the "Rent Roll") is true and correct in all material respects as of the date stated therein. Seller shall deliver to Purchaser an updated Rent Roll dated within five (5) Business Days of Closing and shall reaffirm the representation set forth in this subparagraph (i) with respect to such Rent Roll. No written notices of default have been sent or received by Seller except as contained in the lease files made available to Purchaser. Except in connection with any existing mortgage financing, Seller has not assigned any of its rights under any of the Leases which will be in effect as of the Closing. To Seller's knowledge, no locator or brokerage fees are due and owing by Seller with respect to the Premises or any of the Existing Leases;

(j) Other than litigation disclosed in Exhibit P hereto, to Seller's actual knowledge there is no pending and served (nor has Seller received any written notice of any threatened) action, litigation, unsatisfied order or judgment, government investigation, zoning or other legal proceeding against the Premises or against Seller with respect to the Premises which, if determined adversely to Seller or the Premises, would adversely affect the Premises or the ability of Seller to perform its material obligations hereunder;

(k) To Seller's actual knowledge, Seller has not entered into or assumed any service or equipment leasing or other similar contracts relating to the Premises that may be binding on Purchaser or the Premises after the Closing, except for the Existing Contracts disclosed on Exhibit D hereto (subject to Purchaser's right to request termination and any restrictions on assignment contained therein). To Seller's actual knowledge, Seller is not in monetary default and neither party has given written notice of any existing material non-monetary default under the Existing Contracts;

(l) Except as disclosed to Purchaser in writing prior to the date hereof, to Seller's actual knowledge Seller has not received any written notice from any governmental entity having jurisdiction over the Premises to the effect that the Premises is not in compliance with any laws relating to hazardous materials, other than notices of non-compliance that have been remedied, nor, to Seller's knowledge, is there any condition in, on or around the Premises which violates any laws relating to hazardous materials;

(m) Seller is not and is not acting on behalf of (i) an "employee benefit plan" within the meaning of Section 3(3) of ERISA/the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (ii) a "plan" within the meaning of Section 4975 of the Code or (iii) an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. §2510.3-101, as modified by Section 3(42) of ERISA, of any such employee benefit plan or plan; and

(n) Seller does not have any employees;

11.2. Purchaser hereby represents and warrants to Seller that, as of the Effective Date:

(a) Purchaser has not paid or agreed to pay any consideration to Seller or to any agent or representative of Seller in order to induce Seller to enter into this Agreement;

(b) Purchaser is a limited liability company, validly existing, duly organized and in good standing under the laws of the state of its organization and is (or will be by Closing) in good standing under the laws of the State where the Premises are located;

(c) the execution, delivery and performance of this Agreement by Purchaser (i) are within Purchaser's corporate, partnership, limited liability company or other applicable powers, and (ii) have been duly authorized by all necessary corporate, partnership, limited liability company or other applicable action;

(d) Purchaser is not and is not acting on behalf of (i) an "employee benefit plan" within the meaning of Section 3(3) of ERISA/the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (ii) a "plan" within the meaning of Section 4975 of the Code or (iii) an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. §2510.3-101, as modified by Section 3(42) of ERISA, of any such employee benefit plan or plan.

(e) Purchaser is in compliance with all applicable anti-money laundering and anti-terrorist laws, regulations, rules, executive orders and government guidance, including the reporting, record keeping and compliance requirements of the Bank Secrecy Act, as amended by The International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001, Title III of the USA PATRIOT Act, and other authorizing statutes, executive orders and regulations administered by OFAC (as hereinafter defined), and related Securities and Exchange Commission, SRO or other agency rules and regulations, and has policies, procedures, internal controls and systems that are reasonably designed to ensure such compliance. Neither: (i) Purchaser, any Affiliate of Purchaser or any Person controlled by Purchaser; nor (ii) any Person who owns a controlling interest in or otherwise controls Purchaser; nor (iii) if Purchaser is a privately held entity, any Person otherwise having a direct beneficial interest (other than with respect to an interest in a publicly traded entity) in Purchaser; nor (iv) any Person for whom Purchaser is acting as agent or nominee in connection with this investment, is a country, territory, Person, organization, or entity named on an OFAC List (as hereinafter defined), or is a prohibited country, territory, Person, organization, or entity under any economic sanctions program administered or maintained by OFAC. For the purposes of this Section 11.2(e), "OFAC" means the U.S. Department of the Treasury's Office of Foreign Assets Control and "OFAC List" is any list of prohibited countries, individuals, organizations and entities that is administered or maintained by OFAC, including: (i) Section 1(b), (c) or (d) of Executive Order No. 13224 (September 23, 2001) issued by the President of the United States (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), any related enabling legislation or any other similar executive orders, (ii) the List of Specially Designated Nationals and Blocked Persons maintained by OFAC, and/or on any other similar list maintained by OFAC pursuant to any authorizing statute, executive order or regulation, or (iii) a "Designated National" as defined in the Cuban Assets Control Regulations, 31 C.F.R. Part 515; and

(f) If applicable, Purchaser is a Permitted Assignee (as hereinafter defined) or an Affiliated Assignee (as hereinafter defined).

11.3. (a) Each of the representations and warranties set forth in Section 11.1 of this Agreement (collectively, "Seller's Representations") shall be deemed to have been remade at and as of the Closing Date with the same force and effect as if first made on and as of the Closing Date; provided, that, at the Closing, Seller may submit to Purchaser one (1) or more schedules, certified by Seller as true and correct as of the Closing Date, which modify or update any of Seller's Representations, or any exhibits referred to therein, to reflect matters, if any, which arose subsequent to the Effective Date, and, if and only if Purchaser has not elected to terminate this Agreement as a result of such changes pursuant to Section 11.3(b), Seller's Representations shall be deemed to have been remade with the changes, if any, set forth in such schedule or schedules.

(b) If on or prior to Closing, Seller's Representations, as made as of the Effective Date, are actually known by Purchaser to be untrue in any material respect as of the Effective Date, or if Seller's Representations, as remade on the Closing Date under Section 11.3(a) or otherwise, shall result in Seller's Representations made as of the Effective Date being untrue in any material respect as of the Closing Date, then Purchaser may, at Purchaser's option and as Purchaser's sole remedy (Purchaser specifically waiving any right to bring any action against Seller for damages arising therefrom), either (i) terminate this Agreement by notice in writing to Seller, in which event (subject to the provisions of this Section 11.3) the provisions of Section 9 of this Agreement shall apply to such termination, or (ii) waive the same, in which case Purchaser and Seller shall close the transaction without any increase or abatement of the Purchase Price; provided, however, that Purchaser shall have no right under subsection (i) above to terminate this Agreement as a result of any modification to or updating of Seller's Representations to reflect:

(w) Leases or Contracts, or amendments, modifications or renewals of same, as approved in accordance with Section 18 herein;

(x) changes after the Effective Date to the list of Leases that arise in the ordinary course of business after the Effective Date (it being expressly acknowledged and agreed by Purchaser that the risk of changes to the list of Leases or the leasing status of the Premises, for any reason after the Effective Date is Purchaser's risk and no such change is intended to grant Purchaser any right to terminate this Agreement or obtain any damages from Seller);

(y) changes after the Effective Date to the schedule of litigation set forth in Exhibit P to reflect any additions or deletions other than litigation that, if adversely determined, would (i) affect title to the Premises, (ii) materially and adversely affect the value of the Premises, or (iii) seek to restrain or prevent the sale of the Premises to Purchaser;

(z) condemnation or eminent domain proceedings commenced after the Effective Date (it being agreed that Purchaser's rights in respect of condemnation and eminent domain proceedings are governed by Section 14 below); or

(aa) actions that Seller is not prohibited from taking pursuant to the terms of this Agreement.

(c) Notwithstanding the provisions of Section 11.3(b) of this Agreement, if, within five (5) days after the delivery of Purchaser's notice terminating this Agreement pursuant to Section 11.3(b), Seller delivers written notice to Purchaser of Seller's intention to cure, then Purchaser's notice of termination shall be without effect and Seller shall cause such untrue Seller's Representation to be corrected at or before Closing (and Seller shall be entitled to adjourn the Closing Date one or more times (but for not more than ten (10) days in the aggregate) to effectuate such cure). If Seller fails to effectuate such cure on or before the Closing Date (as same may have been adjourned), then Purchaser shall have the right at Closing, as Purchaser's sole remedy (Purchaser specifically waiving any right to bring an action against Seller for damages arising therefrom), to either (i) terminate this Agreement by notice in writing to Seller, in which event (subject to the provisions of this Section 11.3) the provisions of Section 9 of this Agreement shall apply to such termination, or (ii) waive the same, in which case Purchaser and Seller shall close the transaction without any increase or abatement of the Purchase Price.

(d) If (i) on or prior to the Closing Date, Purchaser delivers notice to Seller that any Seller's Representations were or have become false in any material respect as hereinabove provided and/or (ii) on or prior to the date to which Seller adjourns the Closing pursuant to Section 11.3(c) above, Seller has elected to cure any then-untrue Seller's Representations, then Purchaser shall be required to elect one of the remedies set forth in Section 11.3(b) or Section 11.3(c) (as applicable). If Purchaser fails to make such an election on or prior to the Closing Date, same shall conclusively mean that Purchaser has determined to proceed under clause (ii) of Section 11.3(b) above or clause (ii) of Section 11.3(c) above (as applicable). In the event that Purchaser has actual knowledge that any of Seller's Representations are untrue in any material respect prior to the Closing Date and nonetheless proceeds to Closing, then same shall be deemed to be a waiver by Purchaser of any further right to make a claim arising out of such untrue nature of such Seller's Representation(s).

11.4. Seller's Representations (including those modified or updated by Seller in accordance with the provisions of Section 11.3 of this Agreement) shall survive the Closing for a period of six (6) months. Each of the representations and warranties set forth in Section 11.2 of this Agreement (collectively, "Purchaser's Representations") shall be deemed to have been remade at and as of the Closing Date with the same force and effect as if first made on and as of the Closing Date. Purchaser's Representations shall survive the Closing for a period of six (6) months.

11.5. If any of Purchaser's Representations or Seller's Representations is discovered to be untrue in any material respect after Closing, and a claim is asserted within the time periods set forth in Section 11.4 of this Agreement, then Seller or Purchaser, as the case may be, shall, subject to the provisions of Sections 19 and 37 of this Agreement, have the right to pursue any and all remedies available against Purchaser or Seller, as the case may be, as a result of such inaccuracy.

11.6. Intentionally Omitted.

11.7. For purposes of this Agreement, (a) the term "to the actual knowledge of Seller" and words of similar import, shall mean the actual knowledge of Kevin Pleasant, who Seller represents is an authorized representative of Seller with respect to the Premises, and the person with the actual knowledge about Seller's ownership, use and operation of the Premises and the condition thereof, without any obligation to make inquiry of any kind other than those which he would make in the performance of his duties in the just-described capacity, and (b) the term "to the actual knowledge of Purchaser" and words of similar import, shall mean the actual knowledge of Josh Champion. The knowledge parties referenced in this Section shall have no personal liability under this Agreement.

## **12. Fixtures and Personal Property.**

All of Seller's right, title and interest in and to all fixtures, machinery, equipment and other articles of personal property, except the Excluded Personal Property, attached or appurtenant to, or used in connection with, the Premises are included in this sale. The parties agree that the Purchase Price shall be allocated among the Personal Property, Land and Improvements in the manner set forth on Exhibit Q and each party agrees not to take a position inconsistent with such allocation in connection with any tax filing.

## **13. Brokers.**

13.1. Purchaser represents and warrants that Purchaser has not dealt with any broker, agent, finder or similar party in connection with the transaction contemplated hereby other than Apartment Realty Advisors of Georgia, Inc., a Georgia corporation ("Broker"), and Purchaser hereby indemnifies and holds harmless Seller and each Seller Exculpated Party (as hereinafter defined) from any liability, cost or expense (including, without limitation, reasonable attorneys' fees and costs of enforcement of the foregoing indemnity) arising out of the falsity of the foregoing representation.

13.2. Seller represents and warrants that Seller has not dealt with any broker, agent, finder or similar party in connection with the transaction contemplated hereby other than Broker, and Seller hereby indemnifies and holds harmless Purchaser from any liability, cost or expense (including, without limitation, reasonable attorneys' fees and costs of enforcement of the foregoing indemnity) arising out of the falsity of the foregoing representation. Seller agrees to pay Broker a commission pursuant to a separate agreement.

13.3. The provisions of this Section 13 shall survive the Closing or any earlier termination of this Agreement.

**14. Condemnation and Destruction.**

14.1. If, prior to the Closing Date, a Non-Material Taking (as hereinafter defined) occurs, then (i) Seller shall promptly notify Purchaser of such fact, (ii) Purchaser shall not have any right or option to terminate this Agreement and this Agreement shall continue in effect, (iii) at the Closing, Purchaser shall accept the Premises subject to such Non-Material Taking or so much of the Premises as remains after such Non-Material Taking, as the case may be, with no abatement of the Purchase Price, and (iv) at the Closing, Seller shall assign and turn over to Purchaser, and Purchaser shall be entitled to receive and keep, all of Seller's interest in and to all awards for such Non-Material Taking, or, if Seller has already received such awards, the amount of such awards shall be credited to Purchaser towards the Purchase Price at Closing. If, prior to the Closing Date, a Material Taking (as hereinafter defined) occurs, then (a) Seller shall promptly notify Purchaser of such fact and (b) Purchaser shall have the right to terminate this Agreement by delivering notice of such termination to Seller on or before the earlier of the Closing Date or the date ten (10) days after it receives such notice from Seller. In the event that Purchaser fails to exercise such termination right within such ten (10) day (or shorter) period, Purchaser shall be deemed to have waived such termination right, in which event (x) Purchaser shall not have any right or option to terminate this Agreement due to such Material Taking and this Agreement shall continue in effect, (y) at the Closing, Purchaser shall accept the Premises subject to such Material Taking or so much of the Premises as remains after such Material Taking, as the case may be, with no abatement of the Purchase Price, and (z) at the Closing, Seller shall assign and turn over to Purchaser, and Purchaser shall be entitled to receive and keep, all of Seller's interest in and to all awards for such Material Taking, or, if Seller has already received such awards, the amount of such awards shall be credited to Purchaser towards the Purchase Price at Closing. In the event that Purchaser delivers a notice of termination within such ten (10) day (or shorter) period, the provisions of Section 9 of this Agreement shall apply to such termination. During the pendency of this Agreement, Seller shall not settle, adjust or compromise any awards with respect to any Taking without first obtaining Purchaser's prior written consent, which Purchaser may withhold in its reasonable discretion.

14.2. If, prior to the Closing Date, a Non-Material Casualty (as hereinafter defined) occurs, then (i) Seller shall promptly notify Purchaser of such fact, (ii) Purchaser shall not have any right or option to terminate this Agreement and this Agreement shall continue in effect, (iii) at the Closing Purchaser shall accept the Premises in the then “as is” condition of such Premises with no abatement of the Purchase Price, and (iv) at the Closing, Seller shall assign and turn over to Purchaser, and Purchaser shall be entitled to receive and keep, all of Seller’s interest in and to all insurance proceeds payable in connection with such Non-Material Casualty, and Purchaser shall receive a credit against the Purchase Price at the Closing in the amount of any loss deductible payable in connection with such insurance proceeds. If, prior to the Closing Date, a Material Casualty (as hereinafter defined) occurs, then (a) Seller shall promptly notify Purchaser of such fact and (b) Purchaser shall have the right to terminate this Agreement by delivering notice of such termination to Seller on or before the earlier of the Closing Date or the date ten (10) days after it receives such notice from Seller. If Purchaser fails to exercise such termination right within such ten (10) day (or shorter) period, Purchaser shall be deemed to have waived such termination right, in which event (x) Purchaser shall not have any right or option to terminate this Agreement due to such Material Casualty and this Agreement shall continue in effect, (y) at the Closing Purchaser shall accept the Premises in the then “as is” condition of the Premises with no abatement of the Purchase Price, and (z) at the Closing, Seller shall assign and turn over to Purchaser, and Purchaser shall be entitled to receive and keep, all of Seller’s interest in and to all insurance proceeds payable in connection with such Material Casualty, and Purchaser shall receive a credit against the Purchase Price at the Closing in the amount of any loss deductible payable in connection with such insurance proceeds. In the event that Purchaser delivers a notice of termination within such ten (10) day (or shorter) period, then the provisions of Section 9 of this Agreement shall apply to such termination. During the pendency of this Agreement, Seller shall not settle, adjust or compromise any insurance proceeds with respect to any Casualty without first obtaining Purchaser’s prior written consent, which Purchaser may withhold in its reasonable discretion.

14.3. Notwithstanding anything to the contrary set forth in this Section 14, Seller shall have no obligation to repair any damage or destruction to the Premises caused by any Casualty or to otherwise restore the Premises after any Taking, and Seller shall have no other obligation or liability of any kind or nature in respect of any Casualty or Taking affecting the Premises; provided, however, that as a condition to Purchaser’s obligations under this Agreement, Seller acknowledges and agrees that each unit on the Premises that is currently not in operation as of the Effective Date due to casualty or damage (each a “Downed Unit” and collectively, the “Downed Units”) shall be repaired and restored, at Seller’s sole cost and expense, at or prior to Closing. Notwithstanding the foregoing to the contrary, in no event shall Seller be obligated to expend more than Five Thousand and 00/100 Dollars (\$5,000) in connection with repairs to a Downed Unit. For the purposes hereof, a Downed Unit shall be deemed repaired and restored if it meets the requirements of a unit in “Rent-Ready Condition” as defined in Section 6.11 above.

14.4. As used herein, the following terms shall have the following meanings:

“Casualty” means the destruction of all or a portion of the Premises by fire or other casualty.

“Material Casualty” means a Casualty affecting more than five percent (5%) of the units at the Premises.

“Material Taking” means a Taking affecting more than five percent (5%) of the Premises or if the Taking would materially impede access to the Premises or reduce available parking materially below that which is required by laws or any agreement applicable to the Premises, or otherwise cause the Premises to no longer be materially compliant with applicable zoning and use regulations.

“Non-Material Casualty” means any Casualty other than a Material Casualty.

“Non-Material Taking” means any Taking other than a Material Taking.

“Taking” means any taking of any portion of the Premises by condemnation or eminent domain.

**15. Escrow.**

15.1. Escrow Agent shall deposit the Deposit in an escrow account in a federally insured institution.

15.2. If the Closing takes place, Escrow Agent shall deliver the Downpayment to, or upon the instructions of, Seller at the Closing.

15.3. If Purchaser or Seller terminates this Agreement pursuant to the provisions of Section 9 of this Agreement or if the Closing does not take place under this Agreement by reason of the failure of Purchaser or Seller to comply with Purchaser's or Seller's obligations, as applicable, hereunder, then Escrow Agent shall pay the Downpayment as required by the terms of this Agreement, provided, however, that notwithstanding the foregoing, Escrow Agent shall not pay over the Downpayment to any party hereunder unless and until the following procedure is complied with:

(a) the party requesting disbursement of the Downpayment (the "Requesting Party") shall deliver notice to Escrow Agent and the other party hereto requesting such disbursement;

(b) within two (2) Business Days after receipt of such notice of request, Escrow Agent shall deliver notice to all other parties hereto stating that the Requesting Party has requested such disbursement (and including a copy of the Requesting Party's notice);

(c) within ten (10) days after receipt of Escrow Agent's notice, the non-requesting party shall either (i) agree to permit such disbursement by Escrow Agent, or (ii) inform Escrow Agent that the non-requesting party does not agree to permit such disbursement;

(d) if the non-requesting party acts under clause (i) of Section 15.3(c), then Escrow Agent shall make the disbursement as requested by the Requesting Party;

(e) if the non-requesting party acts under clause (ii) of Section 15.3 (c), then Escrow Agent shall not make any disbursement except as provided in Section 15.5 of this Agreement; and

(f) if the non-requesting party fails to respond during the foregoing ten (10) day period, same shall be deemed to be the response of the non-requesting party under clause (i) of Section 15.3(c) on the last day of such ten (10) day period.

Notwithstanding the foregoing to the contrary, if Purchaser terminates this Agreement in accordance with its right to do so pursuant to Section 35, then Escrow Agent shall promptly pay over the Downpayment to Purchaser without first satisfying the procedure set forth above.

15.4. It is agreed that;

(a) the duties of Escrow Agent are only as herein specifically provided and are purely ministerial in nature, and Escrow Agent shall incur no liability whatever except for willful misconduct or gross negligence, as long as Escrow Agent has acted in good faith;

(b) in the performance of Escrow Agent's duties hereunder, Escrow Agent shall be entitled to rely upon any document, instrument or signature believed by it to be genuine and signed by either or both of the parties or their successors;

(c) Escrow Agent may assume that any Person purporting to give any notice or instructions in accordance with the provisions hereof has been duly authorized to do so;

(d) Escrow Agent shall not be bound by any modification, cancellation or rescission of this Agreement unless in writing and signed by Seller and Purchaser, and to the extent such modification, cancellation or rescission of this Agreement would affect Escrow Agent's rights or obligations under this Agreement, by Escrow Agent;

(e) Seller and Purchaser shall jointly and severally reimburse and indemnify Escrow Agent for, and hold it harmless against, any and all loss, liability, costs or expenses in connection herewith, including reasonable attorneys' fees and disbursements, incurred without willful misconduct or gross negligence on the part of Escrow Agent arising out of or in connection with Escrow Agent's acceptance of, or the performance of Escrow Agent's duties and obligations under, this Agreement, as well as the reasonable costs and expenses of defending against any claim or liability arising out of or relating to this Agreement; and

(f) Seller and Purchaser each hereby release Escrow Agent from any act done or omitted to be done by Escrow Agent in good faith without gross negligence or willful misconduct in the performance of Escrow Agent's duties hereunder.

15.5. Escrow Agent is acting as a stake-holder only with respect to the Downpayment. If there is any dispute as to whether Escrow Agent is obligated to deliver all or any portion of the Downpayment or as to whom the proceeds of the Downpayment are to be delivered, Escrow Agent shall not be required to make any delivery, but in such event Escrow Agent shall hold the Downpayment until receipt by Escrow Agent of an authorization in writing, signed by all of the parties having any interest in such dispute, directing the disposition of the Downpayment, or, in the absence of such authorization, Escrow Agent shall hold the Downpayment, until the final determination of the rights of the parties in an appropriate proceeding. If such written authorization is not given, or proceedings for such determination have not begun within ninety (90) days after the date Escrow Agent receives written notice of such dispute, and thereafter diligently continued, Escrow Agent may, but is not required to, bring an appropriate action or proceeding for leave to deposit the Downpayment in court, pending such determination. Escrow Agent shall be reimbursed for all costs and expenses of such action or proceeding including, without limitation, reasonable attorneys' fees and disbursements, by the party determined not to be entitled to the Downpayment, or if the Downpayment is split between the parties hereto, such costs of Escrow Agent shall be split, pro rata, between Seller and Purchaser, based upon the amount of Downpayment received by each. Upon making delivery of the Downpayment, in the manner provided in this Agreement, Escrow Agent shall have no further liability hereunder.

15.6. Escrow Agent has executed this Agreement solely to confirm (i) receipt of the Deposit and (ii) that Escrow Agent, upon receipt thereof, will hold the Downpayment in escrow, pursuant to the provisions of this Agreement.

#### **16. Closing Costs.**

Purchaser shall pay (a) all title insurance premiums (including any and all premiums charged by the Title Company for endorsements and affirmative coverages to the title policy, with the exception of any costs charged or incurred with respect to objections which Seller has agreed to or is required to cure pursuant to Section 8) and all other title insurance company charges and all survey costs in connection with the transaction contemplated by this Agreement, (b) fifty percent (50%) of any escrow fees charged by Escrow Agent, (c) all due diligence costs, and (d) all recording fees and charges for the Deed other than Conveyance Taxes (as defined below). Seller shall pay (x) all state, county, municipal and/or local conveyance taxes with respect to the transaction contemplated by this Agreement (collectively, the "Conveyance Taxes"), (y) fifty percent (50%) of any escrow fees charged by Escrow Agent, and (z) any costs or expenses required to cure objections which Seller has agreed to cure pursuant to Section 8. Each party hereto shall pay such party's own legal fees and all of such party's other expenses in connection with this transaction.

**17. Seller's Covenants.**

Seller agrees as follows:

17.1. Subject to this Section 17, between the Effective Date and the Closing Date or earlier termination of this Agreement, Seller will lease, operate, manage (or cause to be managed) and maintain the Premises and will provide or cause to be provided substantially such services with respect to the Premises that have been provided by Seller in the past in accordance with Seller's customary practice, substantially the same as if Seller did not intend to transfer the Premises.

17.2. Between the Effective Date and the Closing Date or earlier termination of this Agreement, Seller will maintain casualty and liability insurance with respect to the Premises (which insurance may be effected under a blanket policy or policies of insurance) in accordance with Seller's past practice.

17.3. Between the Effective Date and the Closing Date or earlier termination of this Agreement, subject to Section 34 of this Agreement, Seller will make all books, records, billing information, Leases, Contracts and other documents relating to the operation of the Premises available to Purchaser and Purchaser's accountants, attorneys and other third party consultants, upon advance written request therefor, and will permit Purchaser's accountants, attorneys and other third party consultants to examine the same, during regular business hours, at Purchaser's sole cost and expense, provided, however, notwithstanding the foregoing, Seller shall not be required to make available to Purchaser any of the foregoing to the extent that same (i) constitutes privileged information pertaining to any potential or existing litigation or other proceeding or (ii) constitutes confidential information prepared by Seller pertaining to the Premises (including internal evaluations, appraisals, reports or other documentation and information pertaining to the business relationships among the members comprising Seller). The making available to Purchaser of the foregoing shall in no event be deemed to constitute a representation by Seller as to the accuracy, correctness or completeness thereof.

17.4. Between the Effective Date and the Closing Date or earlier termination of this Agreement, subject to the rights of all tenants and other occupants of the Premises, Seller will permit Purchaser and Purchaser's engineers, at Purchaser's sole cost and expense, to inspect the Premises and all portions thereof from time to time upon reasonable advance request therefor and accompanied by a representative of Seller; provided, however, Purchaser will not be permitted to perform any such inspection unless and until Purchaser delivers to Seller reasonably satisfactory evidence, in the form of a properly completed Certificate of Insurance, that Purchaser has obtained such insurance as Seller shall reasonably require in connection with any such inspection, which insurance shall name Seller and Seller's managing agent as additional insureds (it being agreed by Purchaser that such insurance shall include (i) policies of workers' compensation and employers' liability for all employees of Purchaser with a Waiver of Subrogation in favor of all of the Sellers legal entities with an interest in the Premises, (ii) commercial general liability insurance which insure Purchaser and Purchaser's Representatives (as hereinafter defined) with liability insurance limits of not less than \$3,000,000 combined single limit per occurrence and in the aggregate for personal injury and property damage, coverage shall be on a per location/project basis and shall be primary and noncontributory, include all of the Sellers legal entities as Additional Insured's for both Premises Operations and/or Products and/or Completed Operations, and (iii) pollution legal liability coverage of not less than \$3,000,000 per claim/annual aggregate for any of Purchaser's environmental consultants). In no event shall Purchaser be permitted to conduct any drilling or other invasive testing of the Premises without the prior written consent of Seller. Purchaser hereby agrees to repair and restore any portion of the Premises damaged or otherwise disturbed as a result of any inspection of the Premises by Purchaser and, in addition, hereby indemnifies and holds harmless Seller and each Seller Exculpated Party from and against any and all damages, demands, claims, losses, liabilities, costs (including the cost of remediation, if necessary) and expenses (including, without limitation, reasonable attorneys' fees and disbursements and costs incurred in the enforcement of the foregoing indemnity) incurred by Seller and any Seller Exculpated Party by reason of or in connection with any entry onto, or inspection of, the Premises by Purchaser or Purchaser's agents, employees, representatives or contractors in connection therewith (except to the extent arising from (y) the mere discovery of existing conditions that are not exacerbated by Purchaser or its agents, or (z) the gross negligence or willful misconduct of Seller or any Seller Exculpated Party), which indemnity shall survive the Closing or earlier termination of this Agreement. This Agreement is enforceable to the maximum available protection under Georgia State Law. In addition, the Purchaser shall obtain and provide proof of Business Auto Liability coverage at the same \$3,000,000 limit which will include all of the Seller's entities and affiliates as additional insured's and include a Waiver of Subrogation in favor of these same entities and include Owned, Non-Owned and Hired Business Auto Liability protection.

All insurance requirements in this Agreement are required to be passed on to each and every third party or subcontractor of the Purchaser and must be applicable to their insurance coverage as well as the Purchaser.

17.5. Between the Effective Date and the Closing Date, Seller will cause the Premises to materially comply with applicable law and cause to be performed all normal operational repairs required to be made to the Premises in order to maintain the Premises in the condition of the Premises as of the Effective Date, reasonable wear and tear and natural deterioration and damage by fire or other casualty or condemnation excepted, provided that the foregoing shall not have the effect of requiring Seller to make any repairs or replacements of a capital nature to the Premises.

17.6. Between the Effective Date and the Closing Date, Seller shall terminate any terminable Contract promptly after receiving written notice from Purchaser requesting such termination; provided, however, that Purchaser acknowledges and agrees that: (i) all costs and expenses associated with any such termination shall be paid by Purchaser; (ii) any such termination may be conditioned on the completion of the Closing; and (iii) any such termination shall be effective only after expiration of any notice or grace period specified in the provisions of the applicable Contract (which may not occur until after the Closing).

17.7. Between the Effective Date and the Closing Date, Seller shall promptly deliver to Purchaser any written notices of alleged material violations of applicable law with respect to the Premises received by Seller.

17.8. Commencing on the Effective Date and continuing through the Closing Date, Seller shall deliver to Purchaser the following items with respect to the Premises on a weekly basis: (i) all tenant correspondence regarding lease renewals; (ii) an updated Rent Roll; and (iii) reports detailing unit availability, lease expirations, lease renewals and new leases (collectively, the "Weekly Reports").

**18. Approval of Leases and Contracts.**

18.1. Seller shall continue to lease the Premises in the ordinary course of business, consistent with its past leasing practices, the same as if this Agreement had not been entered into by the parties; provided, however, that, notwithstanding Seller's past practices or anything else in this Agreement to the contrary, in no event shall Seller (x) enter into any new Lease or amend or otherwise modify any Existing Lease to provide for (i) rents on less than fair market rates, (ii) rent concessions, abatements or other tenant inducements, other than one-time inducements which are paid for up-front by Seller, at Seller's sole cost and expense, or (iii) a term of less than six (6) months or more than fifteen (15) months without, in each instance, first obtaining Purchaser's prior written approval of same, which approval Purchaser may withhold in its reasonable discretion.

18.2. Seller shall not enter into, materially modify or terminate any additional service or equipment leasing contracts or other similar agreements relating to the Premises or materially modify or terminate any of the Contracts without Purchaser's written consent, which approval Purchaser may withhold in its reasonable discretion; provided, however, that Seller shall not be required to obtain Purchaser's consent to any contracts entered into after the Effective Date in response to an emergency situation at the Premises (including, for example, any condemnation or casualty affecting the Premises). If Purchaser fails to notify Seller in writing of Purchaser's objections within five (5) Business Days of Purchaser's receipt of the proposed modification, termination or new contract terms requiring Purchaser's approval hereunder (and a request for Purchaser's approval), then Purchaser shall be deemed to have approved the same.

**19. Non-Liability.**

Notwithstanding anything to the contrary contained in this Agreement, no director, officer, employee, shareholder, member, manager, partner or agent of either party nor any of the directors, officers, employees, shareholders, members, managers, partners, joint venturers or agents of any of the directors, officers, employees, shareholders, members, managers, partners, joint venturers or agents of either party, nor any other Person, partnership, limited liability company, corporation, joint venture or trust, as principal of either party, whether disclosed or undisclosed (collectively, the "Exculpated Parties"; separately, as applicable, the "Purchaser Exculpated Parties" and the "Seller Exculpated Parties"), shall have any personal obligation or liability hereunder.

**20. Intentionally Omitted.**

**21. Condition of Premises.**

21.1. Except as otherwise expressly provided in this Agreement (including, without limitation, Seller's Representations) and in the documents delivered by Seller at Closing, Purchaser shall accept the Premises at the Closing in the "as is", "where is" condition of the Premises with all faults as of the Closing Date. Purchaser agrees that, except as expressly set forth herein and in the documents delivered by Seller at Closing, Seller shall not be liable for any construction, latent or patent defects in the Premises, and shall not be bound in any manner whatsoever by any guarantees, promises, projections, operating expenses, set-ups or other information pertaining to the Premises made, furnished or claimed to have been made or furnished by Seller or any other Person, including, without limitation, Broker, or any partner, member, manager, shareholder, employee, agent, attorney or other Person representing or purporting to represent Seller or Broker, whether verbally or in writing. Purchaser acknowledges that neither Seller nor any of the employees, agents or attorneys of Seller has made any verbal or written representations or warranties whatsoever to Purchaser, whether express, implied, statutory, or by operation of law, except as expressly set forth in this Agreement and in the documents delivered by Seller at Closing. Except for Seller's Representations, Purchaser has not relied and is not relying upon any representations or warranties, or upon any statements made in any informational materials with respect to the Premises provided by Seller or any other Person, including Broker or any shareholder, member, manager, employee, agent, attorney or other Person representing or purporting to represent Seller or Broker. Without limitation of the foregoing, Purchaser specifically acknowledges and agrees that, except as expressly provided otherwise in this Agreement, it has assumed the risk of changes in the condition of the Premises between the Effective Date and the Closing Date and no adverse change in such condition shall grant Purchaser any right to terminate this Agreement or to obtain any damages against Seller. IN ADDITION TO, AND WITHOUT LIMITATION OF THE FOREGOING, EXCEPT AS SET FORTH IN THIS AGREEMENT AND IN THE DOCUMENTS DELIVERED BY SELLER AT CLOSING, SELLER MAKES NO WARRANTY, EXPRESS, IMPLIED, STATUTORY, OR BY OPERATION OF LAW, AS TO THE QUANTITY, QUALITY, MERCHANTABILITY, TITLE, MARKETABILITY, FITNESS, OR SUITABILITY FOR A PARTICULAR PURPOSE OF THE PREMISES OR ANY COMPONENT THEREOF, AND THE PREMISES AND EACH COMPONENT THEREOF ARE SOLD IN AN "AS IS", "WHERE IS" CONDITION, WITH ALL FAULTS. BY EXECUTING THIS AGREEMENT, EXCEPT AS SET FORTH IN THIS AGREEMENT AND IN THE DOCUMENTS DELIVERED BY SELLER AT CLOSING, PURCHASER AFFIRMS AND AGREES THAT (A) PURCHASER HAS NOT RELIED ON SELLER'S SKILL OR JUDGMENT TO SELECT OR FURNISH THE PREMISES OR ANY COMPONENT THEREOF FOR ANY PARTICULAR PURPOSE, (B) SELLER MAKES NO WARRANTY THAT THE PREMISES OR ANY COMPONENT THEREOF ARE FIT FOR ANY PARTICULAR PURPOSE, (C) THERE ARE NO REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED, STATUTORY, OR BY OPERATION OF LAW, WITH RESPECT TO THE PREMISES OR ANY COMPONENT THEREOF, (D) PURCHASER HAS BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PREMISES AND EACH COMPONENT THEREOF AND HAS DETERMINED TO PURCHASE THE PREMISES AND EACH COMPONENT THEREOF BASED ON SUCH INSPECTION, AND (E) UPON CLOSING, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN AND IN THE DOCUMENTS DELIVERED BY SELLER AT CLOSING, PURCHASER SHALL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING, BUT NOT LIMITED TO, CONSTRUCTION DEFECTS AND ADVERSE PHYSICAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY PURCHASER'S INVESTIGATIONS, AND PURCHASER, ON CLOSING, SHALL BE DEEMED TO HAVE WAIVED, RELINQUISHED, AND RELEASED SELLER FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION (INCLUDING, WITHOUT LIMITATION, CAUSES OF ACTION IN TORT, LOSSES, DAMAGES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND COURT COSTS) OF ANY AND EVERY KIND OR CHARACTER, KNOWN OR UNKNOWN, THAT PURCHASER MIGHT HAVE ASSERTED OR ALLEGED AGAINST SELLER AT ANY TIME BY REASON OF OR ARISING OUT OF ANY LATENT OR PATENT CONSTRUCTION DEFECTS OR PHYSICAL CONDITIONS, VIOLATIONS OF ANY APPLICABLE LAWS AND ANY AND ALL OTHER ACTS, OMISSIONS, EVENTS, CIRCUMSTANCES, OR MATTERS REGARDING THE PREMISES.

21.2. Without limiting the generality of the provisions of Section 21.1 of this Agreement, Purchaser specifically acknowledges and agrees as follows:

(a) neither Seller nor any other party acting (or purporting to act) on behalf of Seller, has made any (and Seller hereby disclaims any) representation or warranty of any kind or nature concerning any environmental condition existing at the Premises;

(b) Seller has delivered to Purchaser copies of the environmental reports listed on Exhibit R (the matters stated therein being referred to as the “Environmental Disclosed Matters”);

(c) Purchaser shall take title to the Premises subject to any and all environmental conditions thereat (or the presence of any matter or substance relating to any such environmental condition at the Premises), whether known or unknown, disclosed or undisclosed, remediated or not, including, without limitation, the Environmental Disclosed Matters, and any and all claims and/or liabilities relating to (in any manner whatsoever) any hazardous, toxic or dangerous materials or substances located in, on, at, about, under or from the Premises, or for any and all claims or causes of action (actual or threatened) based upon, in connection with or arising out of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq., and the Superfund Amendments and Reauthorization Act, 42 U.S.C. §9601 et seq., or any other law or cause of action (including any federal or state based statutory, regulatory or common law cause of action) related to environmental matters or liability with respect to or affecting the Premises (any of the foregoing described in this clause (c) being referred to as “Environmental Conditions”); and

(d) Purchaser hereby releases Seller and each Seller Exculpated Party from any liability of any kind or nature arising with respect to any Environmental Conditions and, specifically, agrees that if any claim is brought against Purchaser arising out of any Environmental Condition Purchaser shall have no claim of any kind or nature against Seller or any Seller Exculpated Party.

(e) Purchaser hereby assumes liability for any and all Environmental Conditions and hereby indemnifies and holds harmless Seller and each Seller Exculpated Party from any and all liabilities, claims, losses, costs, expenses and damages (including, without limitation, reasonable attorneys’ fees, costs and disbursements and costs incurred in the enforcement of the foregoing indemnification obligation) arising out of any Environmental Condition, whether or not pre-existing at the Closing and whether or not disclosed to Purchaser, it being the intention of the parties hereto that from and after the Closing (i) Seller shall have no further liability or obligation in respect of environmental matters of any kind or nature pertaining to the Premises, and (ii) Purchaser shall fully assume any such liability or obligation, including, without limitation, the cost of any cleanup, remediation or removal, whenever occurring, of any hazardous substances or other Environmental Conditions; and

(f) notwithstanding anything to the contrary contained in this Agreement, (i) if Purchaser performs an environmental investigation or analysis of the Premises, then Purchaser shall provide a copy of same to Seller promptly upon receipt thereof and (ii) if such environmental investigation or analysis reveals an adverse environmental condition thereat and such adverse environmental condition was not contained within the Environmental Disclosed Matters, then Seller shall have the right to terminate this Agreement by delivering notice of such termination to Purchaser, in which event the provisions of Section 9 of this Agreement shall apply to such termination.

21.3. PURCHASER, WITH PURCHASER'S COUNSEL, HAS FULLY REVIEWED THE DISCLAIMERS AND WAIVERS SET FORTH IN IBIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THOSE SET FORTH IN THIS SECTION 21, AND UNDERSTANDS THEIR SIGNIFICANCE AND EFFECT. PURCHASER ACKNOWLEDGES AND AGREES THAT THE DISCLAIMERS AND OTHER AGREEMENTS SET FORTH IN THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THOSE SET FORTH IN THIS SECTION 21, ARE AN INTEGRAL PART OF THIS AGREEMENT, AND THAT SELLER WOULD NOT HAVE AGREED TO SELL THE PREMISES TO PURCHASER FOR THE PURCHASE PRICE WITHOUT THE DISCLAIMERS AND OTHER AGREEMENTS SET FORTH IN THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THOSE SET FORTH IN THIS SECTION 21. THE TERMS AND CONDITIONS OF THIS SECTION 21 WILL EXPRESSLY SURVIVE THE CLOSING AND WILL NOT MERGE WITH THE PROVISIONS OF CLOSING DOCUMENTS.

Initials of Seller:

Initials of Purchaser:



22. Notices.

22.1. All notices or other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be considered as properly given or made (i) upon the date of personal delivery (if notice is delivered by personal delivery), (ii) on the date of delivery, as confirmed by email confirmation (if notice is delivered by email transmission), (iii) on the day one (1) Business Day after deposit with a nationally recognized overnight courier service (if notice is delivered by nationally recognized overnight courier service), or (iv) on the third (3rd) Business Day following mailing from within the United States by first class United States mail, postage prepaid, certified mail return receipt requested (if notice is given in such manner), and in any case addressed to the parties at the addresses set forth below (or to such other addresses as the parties may specify by due notice to the other):

If to Seller:

RPG GLENRIDGE LLC  
c/o AION Partners  
11 East 44th Street, Suite 1000 New York, New York 10017  
Attention: Michael Betancourt, Kevin Pleasant and Sean Belfi  
Email: [m.betancourt@aionpartners.com](mailto:m.betancourt@aionpartners.com); [k.pleasant@aionpartners.com](mailto:k.pleasant@aionpartners.com); and  
[s.belfi@aionpartners.com](mailto:s.belfi@aionpartners.com)

with a copy at the same time to:

Goulston & Storrs PC  
885 Third Avenue, 18th Floor  
New York, New York 10022  
Attention: Bruce P. Meyerson, Esq.  
File No.: 13066.0045  
Email: [BMeyerson@goulstonstorrs.com](mailto:BMeyerson@goulstonstorrs.com)

If to Purchaser:

Carroll Acquisitions, LLC  
c/o Carroll Organization  
3340 Peachtree Road, NE  
Suite 250  
Atlanta, Georgia 30326  
Attention: Josh Champion  
Email: [josh.champion@carrollorg.com](mailto:josh.champion@carrollorg.com)

With a copy to:

Morris, Manning & Martin, LLP  
3343 Peachtree Road, NE  
1600 Atlanta Financial Center  
Atlanta, Georgia 30326  
Attention: Corey B. May  
Email: [cmay@mmmlaw.com](mailto:cmay@mmmlaw.com)

If to Escrow Agent:

Chicago Title Insurance Company,  
c/o Fidelity National Title Group  
5565 Glenridge Drive, Suite 300  
Atlanta, Georgia 30342  
Attention: Chris Valentine  
[chris.valentine@fntg.com](mailto:chris.valentine@fntg.com)

**23. Entire Agreement.**

This Agreement contains all of the terms agreed upon by and between Purchaser and Seller with respect to the subject matter hereof, and all agreements heretofore had or made by and between Purchaser and Seller are merged in this Agreement which alone fully and completely expresses the agreement of Purchaser and Seller with respect to the transaction set forth in this Agreement.

**24. Amendments.**

Subject to the provisions of Section 15.4(d) of this Agreement, this Agreement may not be changed, modified or amended, except by an instrument executed by the parties hereto who are or will be affected by the terms of such instrument.

**25. No Waiver.**

No waiver by either Purchaser or Seller of any failure or refusal to comply with Purchaser's or Seller's, as applicable, obligations under this Agreement shall be deemed a waiver of any other or subsequent failure or refusal to so comply.

**26. Successors and Assigns.**

26.1. The provisions of this Agreement shall inure to the benefit of, and shall be binding upon, the heirs, executors, administrators, successors and assigns of the respective parties, provided, however, Purchaser may not assign this Agreement or any of Purchaser's rights thereunder without the prior written consent of Seller, provided, however, Seller consent shall not be required to an assignment of this Agreement by Purchaser to an Affiliated Assignee or a Permitted Assignee, provided, that (i) Purchaser provides Seller with written notice of the name of such Affiliated Assignee or Permitted Assignee at least three (3) Business Days prior to Closing, (ii) such Permitted Assignee or Affiliated Assignee, as applicable, assumes all of the obligations of Purchaser under this Agreement pursuant to a written agreement, and (iii) no assignment of this Agreement to a Permitted Assignee or Affiliated Assignee, as applicable, shall relieve Purchaser from any of Purchaser's obligations hereunder.

26.2. As used herein the following capitalized terms shall have the following definitions:

"Affiliated Assignee" shall mean an entity which is one hundred percent (100%) owned and Controlled by Purchaser or a Permitted Assignee.

"Control" (including, with correlative meaning, the terms "Controlled by" and "under common Control with"), means, with respect to any Person, possession, directly or indirectly, through one or more intermediaries, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities or by contract.

"Permitted Assignee" shall mean an entity that is beneficially owned, directly or indirectly, and Controlled, in whole or in part, by one (1) or more Purchaser Principals or an affiliate thereof.

"Purchaser Principals" shall mean M. Patrick Carroll and Josh Champion.

**27. Partial Invalidity.**

If any term or provision of this Agreement or the application thereof to any Person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to Persons or circumstances other than such Persons or circumstances as to which such term or provision is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

**28. Paragraph Headings.**

The headings of the various paragraphs of this Agreement have been inserted only for the purposes of convenience, and are not part of this Agreement and shall not be deemed in any manner to modify, explain or restrict any of the provisions of this Agreement.

**29. Governing Law.**

This Agreement shall be governed by, and shall be interpreted, construed and enforced in accordance with, the laws of the State where the Premises are located without regard to the rules regarding conflicts of law in such laws of such state.

**30. Binding Effect.**

This Agreement does not constitute an offer to sell and shall not bind Seller unless and until Seller, in Seller's sole discretion, elects to be bound hereby by executing and delivering to Purchaser an original counterpart hereof.

**31. No Recording or Lis Pendens.**

Except in the event Purchaser actually institutes an action for specific performance as permitted hereunder, the parties hereto agree that neither this Agreement nor any memorandum or notice hereof shall be recorded, and Purchaser agrees not to file any lis pendens or other instrument against the Premises in connection herewith. In furtherance of the foregoing, Purchaser (i) acknowledges that the filing of a lis pendens or other evidence of Purchaser's rights or the existence of this Agreement against the Premises, could cause significant monetary and other damages to Seller and (ii) hereby indemnifies Seller (and each Seller Exculpated Party) from and against any and all liabilities, damages, losses, costs or expenses (including, without limitation, reasonable attorneys' fees and costs incurred in the enforcement of the foregoing indemnification obligation) arising out of the breach by Purchaser of any of Purchaser's obligations under this Section 31. The provisions of this Section 31 shall survive the termination of this Agreement.

**32. Prevailing Party to Receive Attorneys' Fees.**

In the event of any litigation arising out of this Agreement, the Prevailing Party (as hereinafter defined) shall be entitled to receive from the losing party an amount equal to the Prevailing Party's costs incurred in such litigation, including, without limitation, the prevailing party's attorneys' fees, costs and disbursements. For purposes of this Section 32, (a) the term "Prevailing Party" shall be deemed to be that party who obtains substantially the result sought, whether by settlement, mediation, judgment or otherwise, and (b) the term "attorneys' fees" shall include, without limitation, the actual attorneys' fees incurred in retaining counsel for advice, negotiations, suit, appeal and any other legal proceeding, including mediation and arbitration. The provisions of this Section 32 shall survive the Closing or any earlier termination of this Agreement.

**33. Tax-Deferred Exchange.**

In the event that either party desires to effectuate the transaction contemplated by this Agreement as a tax-free exchange, then upon request made by such party, the other party shall reasonably cooperate with such party in effectuating such tax-deferred exchange, such reasonable cooperation to include, without limitation, executing and delivering all documents and instruments necessary for such purpose, provided that the party requesting such reasonable cooperation shall reimburse the other party for any costs or expenses incurred by the other party in connection with such reasonable cooperation.

**34. Confidentiality.**

Purchaser acknowledges and agrees that the terms and provisions of any confidentiality agreement delivered by Purchaser (or any affiliate of Purchaser) shall be applicable to Purchaser and shall remain in effect on and after the execution and delivery of this Agreement. In furtherance of the foregoing, any documents, instruments, records or other information delivered by Seller to Purchaser pursuant to the provisions of this Agreement shall be deemed confidential information for purposes of such confidentiality agreement. The provisions of this Section 34 shall survive the Closing or any earlier termination of this Agreement.

**35. Due Diligence Period.**

Purchaser shall have the right to conduct a due diligence review of the Premises during the period beginning on the Effective Date and ending on August 19, 2016, at 5:00 P.M. (New York time) (the "Due Diligence Period"). On or before the expiration of the Due Diligence Period, Purchaser shall, at Purchaser's sole option, deliver written notice (the "Diligence Notice") to Seller stating either:

35.1. that Purchaser elects to terminate this Agreement for any reason or no reason, in which event the Downpayment shall be immediately refunded to Purchaser by the Escrow Agent, and thereafter, this Agreement shall terminate and be of no further force and effect, other than those obligations of the parties hereto which expressly survive the termination hereof; or

35.2. that Purchaser elects not to terminate this Agreement (and in order for such notice to be effective for any purpose, Purchaser shall deliver the Additional Deposit to Escrow Agent pursuant to Section 2.2 of this Agreement), in which event Purchaser shall thereupon be deemed to have waived any right to terminate this Agreement pursuant to the provisions of this Section 35, this Agreement shall continue in full force and effect in accordance with its terms, and the Deposit shall thereupon become nonrefundable.

Purchaser shall be deemed to have delivered a Diligence Notice pursuant to Section 35.2 above if Purchaser fails to deliver any Diligence Notice to Seller during the Due Diligence Period. Time shall be of the essence with respect to Purchaser's delivery of the Diligence Notice and the Additional Deposit.

**36. Intentionally Omitted.**

**37. Survival.**

37.1. Except as otherwise specifically herein provided, no representation, warranty, covenant or obligation of Seller set forth in (a) this Agreement or (b) any Seller Document (as hereinafter defined), shall survive the Closing and the delivery of the Deed. In addition, any representation, warranty, indemnification or other obligation of Seller that is stated in this Agreement or any Seller Document, to survive the Closing and the delivery of the Deed shall survive the Closing for a period of six (6) months. Notwithstanding the foregoing, except as otherwise specifically herein provided, any representation, warranty, indemnification or other obligation of Purchaser set forth in this Agreement or any other such document shall survive the Closing for a period of six (6) months. For purposes of this Agreement, a "Seller Document" means any document or instrument executed and delivered by Seller to Purchaser in connection herewith, including, without limitation, the Deed, the Bill of Sale, the Assignment and Assumption of Leases, the Assignment and Assumption of Contracts, the Assignment and Assumption of Intangible Property.

37.2. Notwithstanding anything to the contrary set forth in this Agreement, (a) Purchaser shall not pursue any claim against Seller that causes damage to Purchaser that is less than the Floor (as hereinafter defined), and (b) the maximum amount of liability that Seller shall have under any circumstance for any surviving obligation under this Agreement (including, without limitation, any obligation arising out of any Seller's Representation that survives the Closing, any indemnification or other obligation contained herein that is specifically stated to survive the Closing, any liability under any other document or instrument delivered by Seller in connection with the Closing, and any Post-Termination Obligation) shall not exceed a total aggregate amount of \$1,000,000 (the "Maximum Amount"). As used herein, the term "Floor" shall mean \$50,000 in respect of the aggregate of all claims made by Purchaser against Seller in respect thereof.

**38. Arbitration of Matters in Dispute.**

38.1. In the event that there is a disagreement between Purchaser and Seller as to any matter arising out of this Agreement for which arbitration is expressly stated to be the sole procedure or mechanism for the resolution of such disagreement (the "Matter in Dispute"), then the Matter in Dispute shall be submitted to arbitration pursuant to the rules of the American Arbitration Association within the City of New York or the County of New York, State of New York. The arbitrators will be entitled to award monetary damages, declaratory relief and injunctive relief interpreting the provisions of this Agreement, however the arbitrators will not be entitled to award punitive or consequential damages or to act inconsistently with the terms of this Agreement. The arbitrators will be entitled, but not required, to provide that the losing party in any arbitration will pay all or a portion of the prevailing party's costs incurred in connection therewith, including, without limitation, the costs and fees of the arbitrators, provided, however, if the arbitrators decline to make such a provision, then the costs of the arbitration will be split equally between the parties (except that each party will bear such party's own attorneys' fees). The determination of the arbitrators in the foregoing proceeding shall be binding upon the parties, subject only to the provision of Section 38.3 below.

38.2. In the event that the arbitrators make a determination in favor of a party (the "Prevailing Party") and the Matter in Dispute is monetary in nature, then the other party (the "Non-Prevailing Party") shall pay to the Prevailing Party the amount determined by the arbitrators to be necessary to make the Prevailing Party whole (the "Arbitrated Amount") within ten (10) days after the determination is made in such arbitration proceeding, provided, however, in the event this Agreement expressly provides that an escrow of funds (each, a "Funds Escrow") be established (and such Funds Escrow is established) by the Non-Prevailing Party with respect to a monetary Matter in Dispute and the amount in the Funds Escrow is greater than the Arbitrated Amount, then the Non-Prevailing Party shall, within such ten (10) day period, instruct the escrow agent for the Funds Escrow to disburse an amount equal to the Arbitrated Amount from the Funds Escrow to the Prevailing Party and, unless otherwise provided in this Agreement, the Non-Prevailing Party shall be entitled to a return of the remaining funds in the Funds Escrow. In the event that the arbitrators make a determination in favor of the Prevailing Party and the Matter in Dispute is non-monetary in nature, then the Non-Prevailing Party shall take such action as is required by the arbitrators in connection therewith within ten (10) days after the determination is made in such arbitration proceeding.

38.3. The parties agree that the arbitration proceeding described in this Section 38 is the sole and exclusive manner in which the parties may resolve Matters in Dispute and the parties fully waive any right to commence any action or proceeding in any court arising out of any Matter in Dispute, subject only to the right of a party hereto to bring an action in court to enforce the determination made in an arbitration proceeding. For the avoidance of doubt the parties hereto acknowledge and agree that any dispute arising out of this Agreement that is not a Matter in Dispute shall not be required to be submitted to arbitration as hereinabove provided.

**39. Submission To Jurisdiction.**

PURCHASER AND SELLER EACH HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN NEW YORK COUNTY, STATE OF NEW YORK, OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT. SELLER MAY, IN SELLER'S SOLE DISCRETION, ELECT THE STATE OF NEW YORK, NEW YORK COUNTY, OR THE UNITED STATES OF AMERICA, FEDERAL DISTRICT COURT HAVING JURISDICTION OVER NEW YORK COUNTY, STATE OF NEW YORK, AS THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING. PURCHASER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE TO SUCH VENUE AS BEING AN INCONVENIENT FORUM. THE FOREGOING SHALL NOT, HOWEVER, HAVE THE EFFECT OF PROHIBITING SELLER FROM BRINGING AN ACTION AGAINST PURCHASER ARISING OUT OF THIS AGREEMENT IN ANY OTHER COURT OR VENUE. THE PROVISIONS OF THIS SECTION 39 SHALL SURVIVE THE CLOSING OR EARLIER TERMINATION OF THIS AGREEMENT.

**40. Waiver Of Jury Trial.**

PURCHASER AND SELLER EACH HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS AGREEMENT OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY PURCHASER AND SELLER, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. SELLER OR PURCHASER, AS APPLICABLE, IS HEREBY AUTHORIZED TO FILE A COPY OF THIS SECTION IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY PURCHASER OR SELLER, AS APPLICABLE. THE PROVISIONS OF THIS SECTION 40 SHALL SURVIVE THE CLOSING OR EARLIER TERMINATION OF THIS AGREEMENT.

**41. Certain Definitions.**

As used herein, the following capitalized terms shall have the following definitions:

“Business Day” shall mean any day other than (a) a Saturday or a Sunday, (b) a national holiday, or (c) a day on which banks are not required to be open for business within the State where the Premises are located or the State of New York.

“Person” means any natural person, partnership, corporation, limited liability company and any other form of business or legal entity.

“Post-Termination Obligations” shall mean the obligations of Purchaser and/or Seller pursuant to or arising out of Sections 6, 11, 13, 17.4, 21, 31, 32, 34, 39 and 40 of this Agreement that are expressly stated to survive the termination of this Agreement.

**42. Intentionally Omitted.**

**43. No Third Party Beneficiaries.**

PURCHASER AND SELLER HEREBY ACKNOWLEDGE AND AGREE THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN TO THE CONTRARY, THERE ARE NO THIRD PARTY BENEFICIARIES TO THIS AGREEMENT, AND, ACCORDINGLY, EXCEPT AS EXPRESSLY SET FORTH HEREIN TO THE CONTRARY, NO THIRD PARTY (INCLUDING, WITHOUT LIMITATION, ANY BROKER, INCLUDING WITHOUT LIMITATION, BROKER) SHALL HAVE THE RIGHT TO ENFORCE THIS AGREEMENT FOR THE BENEFIT OF SUCH THIRD PARTY OR AGAINST THE INTERESTS OF PURCHASER OR SELLER. EITHER OF SELLER OR PURCHASER IS HEREBY AUTHORIZED TO FILE A COPY OF THIS SECTION IN ANY PROCEEDING BROUGHT BY ANY SUCH THIRD PARTY AGAINST SELLER OR PURCHASER IN CONNECTION WITH THIS AGREEMENT AS CONCLUSIVE EVIDENCE OF THE PARTIES INTENTIONS.

**44. Time of Performance.**

In the event the provisions of this Agreement provide for the performance of an obligation by Purchaser or Seller on a day other than a Business Day, then the time for the performance of such obligation shall be automatically adjourned to the first (1st) Business Day immediately succeeding the day on which such obligation would otherwise be required to be performed. In the event the provisions of this Agreement provide that Purchaser or Seller shall have the right to adjourn the performance of an obligation by Purchaser or Seller, as applicable, to a day that is other than a Business Day, then Purchaser or Seller, as applicable, shall have the right to adjourn the time for the performance of such obligation to the first (1st) Business Day immediately succeeding the day on which such adjourned obligation would otherwise be required to be performed.

**45. Counterpart Execution; Execution by Facsimile Transmission/.PDF Format.**

This Agreement may be executed in more than one counterpart, each of which, when taken together, shall be deemed to be one (1) instrument. This Agreement may be executed by facsimile transmission or by email via .pdf format, in each case, with the same force and effect as originals.

**46. Intentionally Omitted.**

**47. Ambiguities Not Construed Against Drafter.**

Ambiguities in this Agreement shall not be construed against the party drafting this Agreement, notwithstanding any contrary rule of construction or interpretation at law or in equity.

**48. No Special Relationship Between Seller and Purchaser.**

Purchaser and Seller acknowledge and agree that the relationship between Purchaser and Seller is solely a commercial relationship, and the execution of this Agreement by Purchaser and Seller shall not create (and neither Purchaser nor Seller intends to create) any relationship of principal and agent between Purchaser and Seller, or any partnership or joint venture relationship between Purchaser and Seller. Neither Purchaser nor Seller shall be deemed to be a fiduciary of the other party.

**49. No Financing Contingency.**

Purchaser expressly acknowledges and agrees that Purchaser's obligations under this Agreement are not in any way conditioned upon or qualified by Purchaser's ability to obtain financing of any type or nature whatsoever (i.e., whether by way of debt financing, equity investment, or otherwise) to consummate the transaction contemplated by this Agreement.

**50. Post-Closing Obligations Regarding Financial Information.**

Purchaser has advised Seller that Purchaser may be required to file, in compliance with certain laws and regulations (including, without limitation, Regulation S-X of the Securities and Exchange Commission (“SEC”), audited financial statements, pro forma financial statements and other financial information related to the Premises for up to one (1) fiscal year prior to Closing and any interim period during the fiscal year in which the Closing occurs (the “Financial Information”). If Purchaser or its principals give notice to Seller that it is (or they are) obligated to provide such information, following the Closing and for a period of ninety (90) days thereafter, Seller agrees to use its commercially reasonable efforts to cooperate with Purchaser and its representatives and agents in the preparation of the Financial Information; provided, however, Seller shall not be required to (i) incur any out of pocket expenses or costs unless Purchaser reimburses Seller for the same, or (ii) provide information that was previously made available to Purchaser. For a period of ninety (90) days after Closing, Seller shall maintain, and after reasonable advance written notice from Purchaser, Seller shall provide access to such books and records of Seller and Property Manager reasonably related to the Premises except as otherwise limited by this Section 50. Further, so long as the persons in charge of management of the Premises at the time of Closing remain in the employ of Seller or an affiliate of Seller, after reasonable written notice to Seller, it will make such persons available for interview; provided, however, that Seller shall be allowed to have other representatives present during any such interviews. Notwithstanding the foregoing, Seller shall not be required to provide any information concerning (a) Seller’s, or any of Seller’s affiliate’s or member’s (collectively with Seller, the “Seller Financial Parties”), capital structure or debt, (b) any Seller Financial Parties’ financial analyses or projections, investment analyses, account summaries or other documents prepared solely for any Seller Financial Parties’ internal purposes or not directly related to the operation of the Premises, (c) any Seller Financial Parties’ tax returns, or (d) any Seller Financial Parties’ financial statements (other than Premises-level financial statements otherwise required pursuant to this Section 50). Seller acknowledges and agrees that any information provided or made available pursuant to this Section 50 will, to Seller’s knowledge at the time provided, be true, accurate and complete in all material respects. Purchaser acknowledges and agrees that Purchaser may not use any information provided pursuant to this Section 50 or the results of its review or interviews pursuant to this Section 50 to pursue any claim against any Indemnified Seller Parties.

[The rest of this page is intentionally blank.]

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the Effective Date.

SELLER:

RPG GLENRIDGE, LLC,  
a Delaware limited liability company

By: /s/ Michael Betancourt  
Name: Michael Betancourt  
Title: Authorized Signatory

Federal I.D. No. 20-5964914

PURCHASER:

CARROLL ACQUISITIONS, LLC,  
a Georgia limited liability company

By: /s/ Josh Champion  
Name: Josh Champion  
Title: President

Federal I.D. No. 80-0814762

[Signature Page to Nevadan Apartments PSA]

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Escrow Agent has executed this Agreement solely to confirm Escrow Agent's receipt of the Initial Deposit and acceptance of the duties of Escrow Agent as set forth in Section 15 of this Agreement.

CHICAGO TITLE INSURANCE COMPANY

By: \_\_\_\_\_

Name:

Title:

[Title Company Signature Page to Nevadan Apartments PSA]

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EXHIBIT A  
Description of the Land

(Attached hereto)

Tract One:

ALL THAT TRACT of land In Land Lots 38 and 69 of the 17th District of Fulton County, Georgia, described as follows:

BEGINNING at the Intersection of the northeast right-of-way line of Northland Drive (variable right-of-way) with the south right-of-way line of Glenridge Drive (variable right-of-way); thence, running along the south and southeast right-of-way line of Glenridge Drive, the following courses and distances: (1) North 79 degrees 10 minutes 20 seconds East 175.27 feet to a point, (2) along the arc of a curve to the left (which arc is subtended by a chord having a bearing and distance of North 75 degrees 22 minutes 49 seconds East 62.93 feet and a radius of 475.00 feet) 62.87 feet to a point, (3) North 89 degrees 12 minutes 57 seconds East 22.82 feet to a point, (4) along the arc of a curve to the left (which arc is subtended by a chord having a bearing and distance of North 57 degrees 07 minutes 19 seconds East 231.76 feet and a radius of 449.22 feet) 234.42 feet to a point, (5) North 47 degrees 51 minutes 39 seconds West 11.78 feet to a point, and (6) along the arc of a curve to the left (which arc is subtended by a chord having a bearing and distance of North 38 degrees 00 minutes 36 seconds East 62.84 feet and a of 436.44 feet) 62.90 feet to a point; thence, leaving said right-of-way line, South 54 degrees 00 minutes 00 seconds East 91.00 feet to a point; thence South 36 degrees 30 minutes 00 seconds, West 26.00 feet to a point; thence South 54 degrees 30 minutes 00 seconds East 325.00 feet to a point; thence North 28 degrees 56 minutes 16 seconds East 79.00 feet to a point; thence South 66 degrees 57 minutes 51 seconds East 37.00 feet to a point; thence South 58 degrees 54 minutes 02 seconds East 194.00 feet to a point thence South 28 degrees 02 minutes 54 seconds West 164.00 feet to a point; thence South 18 degrees 12 minutes 19 seconds West 250.86 feet to a 1-inch crimp top iron pin found; thence North 89 degrees 40 minutes 49 seconds West 340.60 feet to a 1-1/2-inch crimp top Iron pin found; thence North 20 degrees 01 minute 13 seconds West 267.84 feet along the northeast boundary line of Lot 1, Block B, Unit Two, Glenridge Manor Subdivision to a 1-1/2-inch crimp top iron pin found; thence South 62 degrees 43 minutes 16 seconds West 229.10 feet along the northwest boundary line of said Lot 1 to a point on the northeast right-of-way line of said Northland Drive; thence, along said northeast right-of-way line, the following courses and distances: (1) North 20 degrees 24 minutes 30 seconds West 24.58 feet to a point, (2) along the arc of a curve to the left (which arc is subtended by a chord having a bearing and distance of North 25 degrees 52 minutes 13 second West 123.95 feet and a radius of 651.08 feet) 124.14 feet to a point; (3) North 31 degrees 19 minutes 57 seconds West 12.81 feet to a point, (4) along the arc of a curve to the left (which arc is subtended by a chord having a bearing and distance of North 45 degrees 14 minutes 44 seconds West 96.68 feet and a radius of 201.03 feet) 97.53 feet to a point, and (5) along the arc of a curve to the right (which arc is subtended by a chord having a bearing and distance of North 49 degrees 03 minutes 48 seconds West 148.42 feet and a radius of 423.36 feet) 149.19 feet to the POINT OF BEGINNING, said tract containing 8.41301 acres.

Together with a non-exclusive right, title and interest in and to all non-exclusive easements contained in that certain Sewer Easement Agreement between Andrew E. Chandler and Independent Living International Corp. dated as of July 20, 1989, recorded In Deed Book 12661,

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Together with a non-exclusive right, title and interest in and to all non-exclusive easements contained in that certain Sewer Easement Agreement between Sarah J. Carpenter and Independent Living International Corp. dated as of July 20, 1989, recorded in Deed Book 12661, Page 98, aforesaid records.

Tract Two:

ALL THAT TRACT of land in Land Lots 38 and 69 of the 17th District of Fulton County, Georgia, described as follows:

TO FIND THE TRUE POINT OF BEGINNING, commence at the intersection of the northeast right-of-way line of Northland Drive (variable right-of-way) with the south right-of-way line of Glenridge Drive (variable right-of-way); thence, running along the south and southeast right-of-way line of Glenridge Drive, the following courses and distances: (1) North 79 degrees 10 minutes 20 second East 175.27 feet to a point, (2) along the arc of a curve to the left (which arc is subtended by a chord having a bearing and distance of North 75 degrees 22 minutes 49 seconds East 62.83 feet and a radius of 475.00 feet) 62.87 feet to a point, (3) North 89 degrees 12 minutes 57 seconds East 22.82 feet to a point, (4) along the arc of a curve to the left (which arc is subtended by a chord having a bearing and distance of North 57 degrees 07 minutes 19 seconds East 231.76 feet and a radius of 448.22 feet) 234.42 feet to a point, (5) North 47 degrees 51 minutes 39 seconds West 11.78 feet to a point, and (6) along the arc of a curve to the left (which arc is subtended by a chord having a bearing and distance of North 38 degrees 00 minutes 36 seconds East 62.84 feet and a radius of 436.44 feet) 62.90 feet to a point and the TRUE POINT OF BEGINNING: from the TRUE POINT OF BEGINNING as thus established, continuing thence along said right-of-way line, the following courses and distances: (1) along the arc of a curve to the left (which arc is subtended by a chord having a bearing and distance of North 29 degrees 56 minutes 36 seconds East 59.95 feet and a radius of 436.44 feet) 60.00 feet to a point, (2) North 26 degrees 00 minutes 18 seconds East 174.82 feet to a point, (3) along the arc of a curve to the right (which arc is subtended by a chord having a bearing and distance of North 38 degree 40 minutes 03 seconds East 220.49 feet and a radius of 502.92 feet) 222.29 feet to a point, and (4) North 51 degrees 19 minutes 49 seconds East 120.96 feet to a point on the southwest boundary line of Lot 4, Block A, Unit One, Glenridge Manor Subdivision; thence, leaving said right-of-way line, South 39 degrees 07 minutes 55 seconds East 216.57 feet along the southwest boundary line of said Lot 4 to a point; thence North 46 degrees 30 Minutes 16 seconds East 59.50 feet along the South boundary line of said Lot 4 to a 3/8-inch reinforcing rod found at the northwest corner of Lot 6, Block A, Unit Two, Glenridge Manor Subdivision thence

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South 49 degrees 50 minutes 45 seconds East 193.19 feet along the southwest boundary line of said Lot 6 to a 1-3/4-Inch crimp top iron pin found on the northwest right-of-way line of Royervista Drive; (a 50 foot-right-of-way) thence along said northwest right-of-way line, the following courses and distances: (1) along the arc of a curve to the left: (which arc is subtended by a chord having a bearing and distance of South 27 degrees 55 minutes 01 second West 285.75 feet and a radius of 741197 feet) 287.55 feet to a point, and (2) South 16 degrees 48 minutes 11 seconds West 125.89 feet to a point; thence, leaving said northwest right-of-way line South 64 degrees 30 minutes 58 seconds East 278.84 feet to a point on the northwest boundary line of Lot 23, Block B, Unit Two, Glenridge Manor Subdivision; thence South 17 degrees 40 minutes 41 seconds West 249.84 feet along the northwest boundary line of said, Lot 23 and along the northwest boundary line of Lot 24 Block B, Unit Two, Glenridge Manor Subdivision to an angle iron found, thence South 44 degrees 07 minutes 25 seconds West 231.89 feet along the northwest boundary line of Lot 25 Block B Unit Two, Glenridge Manor Subdivision to a 1-1/2-inch reinforcing rod found on the land lot line common to said Land Lots 38 and 69; thence North 89 degrees 40 minutes 51 seconds West 104.85 feet to a 1-inch crimp top iron pin found; thence North 18 degrees 12 minutes 19 seconds East 250.86 feet to a point; thence North 28 degrees 02 minutes 54 seconds East 164.00 feet to a point; thence North 58 degrees 54 minutes 02 seconds West 194.00 feet to a point; thence North 66 degrees 57 minutes 51 seconds West

37.00 feet to a point; thence South 28 degrees 56 minutes 16 seconds West 79.00 feet to a point; thence North 54 degrees 30 minutes 00 seconds West 325.00 feet to a point thence North 36 degrees 30 minutes 00 seconds East 26.00 feet to a point; thence North 54 degrees 00 minutes 00 seconds West 91.00 feet to the TRUE POINT OF BEGINNING, said tract containing 8.30101 acres.

Together with a non-exclusive right, title and interest in and to all non-exclusive easements contained in that certain Sewer Easement Agreement between Andrew E. Chandler and Independent Living International Corp. dated as of July 20, 1989, recorded in Deed Book 12661, Page 107, Fulton County, Georgia records.

Together with a non-exclusive right, title and interest in and to all non-exclusive easements contained in that certain Sewer Easement Agreement between Sarah J. Carpenter and Independent Living International Corp. dated as of July 20, 1989, recorded in Deed Book 12661, Page 98, aforesaid records.

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EXHIBIT B  
Existing Leases

See attached rent roll.

EXHIBIT C  
Excluded Personal Property

None.

EXHIBIT D  
Existing Contracts

See attached Contract List Summary.

## CONTRACTS SUMMARY

Community Name The Nevadan

OFFICE & ADMINISTRATIVE CONTRACTS							
	Vendor Name	Monthly Amount	Contract Term	Begin Date	Expiration Date	Notice Period	Notes
Copier	Great American Financial Services	\$ 290.00	48 months	11/6/14	11/25/18	60 day notice	Contract is assigned to new owner with vendor approval
Software System (Yardi, One Site)	Yardi - Greystar contract will terminate upon sale date					no contract - this is a Greystar Advantage system	
Answering Service	Audio Images	\$ 109.00	MTM			30-day notice	no contract
Apartment Association	Atlanta Apartment Association	\$ 720.00	12 months	1/1/16	12/31/16	Will cancel upon sale - no notice required	no physical contract
Collections Agency	Greystar Receivables -	Greystar advantage				Will cancel upon sale - no notice required	
Resident Screening	OnSite	Greystar advantage				Will cancel upon sale - no notice required	
Renter's Insurance	Greystar Advantage	Greystar advantage				Will cancel upon sale - no notice required	
Air Freshener (Scent Air)	ScentAir	\$ 288.36	12 months	10/13/15	10/12/16	30 day notice	
Check Scanner/Electronic payments	Greystar Advantage						this will transfer with Greystar
Fitness Equipment	MacroLease	\$ 570.31	60 months	11/6/14	1/31/20	Assumable -no termination	
UTILITY CONTRACTS							
	Vendor Name	Monthly Amount	Contract Term	Begin Date	Expiration Date	Notice Period	Notice Period
Cable	Comcast	200/door	14 yrs	11/24/10	7/30/24	60 day notice - 1 yr auto renewal. Contract is assumed under conveyance	upfront door fees of \$200/door plus revenue sharing
Telephone	Windstream	\$ 2,000.00	MTM			No notice required	No contract. Monthly amount is estimated based on historical data
Gas	Gas South	\$ 15.00	MTM				no contract
Electric	Ga Power	varies				Landlord agreement - see dropbox	service is not contracted. Request made for potential street light contract
Trash	Waste Management	\$ 1,800.00					Monthly amount is estimated. Contract requested
Water	City of Atlanta	\$ 8,000.00					No contract. Monthly amount is estimated based on historical data
Sewer	City of Atlanta	\$ 13,000.00					No contract. Monthly amount is estimated based on historical data
Office Internet service	Windstream	included in above				see above	
Utility Billing Provider	One Point	\$ 1,416.00	12 months	2/24/2011	2/23/2012	30-day notice	Utility billing fees are \$2.95/unit - \$5.00 Final billing and \$15 account set up
Valet Trash	Choremate	\$ 5,280.00	12 months	11/4/2012	11/3/2013	30-day notice	\$11/unit - recover \$20/unit
MAINTENANCE CONTRACTS							
	Vendor Name	Monthly Amount	Contract Term	Begin Date	Expiration Date	Notice Period	Notice Period
Laundry	Select Laundry	varies	MTM			30 day notice - auto monthly renewal	\$14.95 per washer/dryer.
Landscape	Grassco	\$ 1,438.00	12 mos	4/1/2016	3/31/2017	30-day notice	30-day notice
Pest Control	Masters	\$ 488.00	12 mos	1/1/2016	12/31/2015	30-day notice	
Termite Contract	Active	\$ 2,697.00	12 mos	4/1/2016	3/31/2017	No notice - expires upon anniversary date	Contract requested. Monthly amount is the annual contract amount
LEASING & MARKETING CONTRACTS							
	Vendor Name	Monthly Amount	Contract Term	Begin Date	Expiration Date	Notice Period	Notice Period
Refreshments (coffee, cookies, water, etc.)	Crystal Springs					No notice required	
Video Streaming	Capture the Market	149	12 mos	1/22/2016	1/21/2017	30-day notice	
Google PPC	Dyverse	1000	MTM	9/12/2013		30-day notice	
ILS	Apartmentlist.com	249 per lease	24 mos	6/16/2015	6/16/2017	30-day notice	
Web Hosting	LeaseLabs	616	12 mos	5/21/2013	5/20/2014	30-day notice	
Apartments.com	Apartments.com	399	MTM	4/1/2016		30-day notice	
Locators	Promove						No contract
Portal	Entrata	\$ 500.00	12 mos	11/12/2012		30-day notice	contract requested. Monthly amount is average of historical

Revenue Optimizing Program (YS) Yieldstar

billing.  
contract requested

**LIFE / PROPERTY SAFETY CONTRACTS**

	<b>Vendor Name</b>	<b>Monthly Amount</b>	<b>Contract Term</b>	<b>Begin Date</b>	<b>Expiration Date</b>	<b>Notice Period</b>	<b>Notice Period</b>
Fire Panel Monitoring	Unifour	based on job				No notice required	no contract
911 POOL Phones / Elevator Phones	Kings III	\$ 48.00	12 months	12/21/2012	12/20/2013	30 day notice	

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EXHIBIT E  
Existing Violations

None.

EXHIBIT F  
Form of Deed

This instrument prepared by:

\_\_\_\_\_  
\_\_\_\_\_

Attn: \_\_\_\_\_

When recorded, return to:

\_\_\_\_\_  
\_\_\_\_\_

Attn: \_\_\_\_\_

**LIMITED WARRANTY DEED**

**KNOW ALL MEN BY THESE PRESENTS**, that, as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, \_\_\_\_\_, a \_\_\_\_\_ (“**Grantor**”), in consideration of Ten and No/100 Dollars (\$10.00) to Grantor in hand paid at and before the sealing of these presents by Grantee, the receipt of which is hereby acknowledged, has granted, bargained, sold and released, and by these presents does grant, bargain, sell and release unto \_\_\_\_\_, a \_\_\_\_\_, having an address of \_\_\_\_\_ (“**Grantee**”).

**ALL THAT CERTAIN PIECE, PARCEL OR LOT OF LAND**, situate, lying and being in the County of Fulton State of Georgia, and being more particularly described on **Exhibit “A”** attached hereto and incorporated herein by this reference (the “**Property**”).

**TOGETHER WITH** all and singular the rights, members, hereditaments and appurtenances to the Property belonging or in any wise incident or appertaining; to have and to hold all and singular the Property before mentioned unto Grantee, and Grantee’s successors and assigns forever. And Grantor does hereby bind Grantor to warrant and forever defend all and singular the Property unto Grantee and Grantee’s successors and assigns against Grantor and against every person whomsoever lawfully claiming by, through or under Grantor.

**THIS CONVEYANCE IS MADE SUBJECT** to claims arising under any matter set forth on **Exhibit “B”** attached hereto and incorporated herein by reference (the “**Permitted Exceptions**”).

*[signatures follow on the next page]*

IN WITNESS WHEREOF, Grantor has signed, sealed and delivered this deed the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Signed, sealed and delivered in the presence of:

**GRANTOR:**

\_\_\_\_\_, a \_\_\_\_\_

\_\_\_\_\_  
Unofficial Witness

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

My commission expires:

[SEAL]

[NOTARIAL SEAL]

**Exhibit "A" to Limited Warranty Deed**

[insert legal description of Property]

**Exhibit "B" to Limited Warranty Deed**

Permitted Exceptions

[insert Existing Title/Survey Matters]

EXHIBIT G  
Form of Bill of Sale

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned, RPG GLENRIDGE LLC, a limited liability company organized under the laws of the State of Delaware (the “Seller”), does hereby quitclaim unto [\_\_\_\_\_], a [\_\_\_\_\_] organized under the laws of the State of [\_\_\_\_\_] (the “Purchaser”), all of Seller’s right, title and interest in and to all equipment, appliances, tools, machinery, supplies, building materials and other personal property of every kind and character located on and used in connection with the Premises and to all intangible personal property associated with the Premises described in Schedule 1 attached hereto (the “Personalty”) relating to the real property described in Schedule 2 hereto. The conveyance contained in this Quitclaim Bill of Sale is made without representation or warranty by the Seller of any kind or nature and is expressly without recourse to the Seller of any kind or nature whatsoever. Notwithstanding the foregoing, the conveyance hereby made shall not include the Excluded Personal Property.

IN ADDITION TO, AND WITHOUT LIMITATION OF THE FOREGOING, SELLER MAKES NO WARRANTY, EXPRESS, IMPLIED, STATUTORY OR BY OPERATION OF LAW, AS TO THE QUALITY, QUANTITY, MERCHANTABILITY, TITLE, MARKETABILITY, FITNESS, OR SUITABILITY FOR A PARTICULAR PURPOSE OF THE PERSONALTY, AND THE PERSONALTY IS SOLD IN AN “AS IS”, “WHERE IS” CONDITION, WITH ALL FAULTS. BY ACCEPTANCE OF THIS QUITCLAIM BILL OF SALE, PURCHASER AFFIRMS AND AGREES THAT (A) PURCHASER HAS NOT RELIED ON SELLER’S SKILL OR JUDGMENT TO SELECT OR FURNISH THE PERSONALTY FOR ANY PARTICULAR PURPOSE, (B) SELLER MAKES NO WARRANTY THAT THE PERSONALTY IS FIT FOR ANY PARTICULAR PURPOSE, AND (C) THERE ARE NO REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED, STATUTORY, OR BY OPERATION OF LAW, WITH RESPECT TO THE PERSONALTY. PURCHASER HAS BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PERSONALTY AND HAS DETERMINED TO PURCHASE THE PERSONALTY BASED ON SUCH INSPECTION. PURCHASER HEREBY ASSUMES THE RISK THAT ADVERSE MATTERS, INCLUDING, BUT NOT LIMITED TO, CONSTRUCTION DEFECTS AND ADVERSE PHYSICAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY PURCHASER’S INVESTIGATIONS, AND PURCHASER HEREBY WAIVES, RELINQUISHES, AND RELEASES SELLER FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION (INCLUDING, WITHOUT LIMITATION, CAUSES OF ACTION IN TORT, LOSSES, DAMAGES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS’ FEES AND COURT COSTS) OF ANY AND EVERY KIND OR CHARACTER, KNOWN OR UNKNOWN, THAT PURCHASER MIGHT HAVE ASSERTED OR ALLEGED AGAINST SELLER AT ANY TIME BY REASON OF OR ARISING OUT OF ANY LATENT OR PATENT DEFECTS OR PHYSICAL CONDITIONS, VIOLATIONS OF ANY APPLICABLE LAWS AND ANY AND ALL OTHER ACTS, OMISSIONS, EVENTS, CIRCUMSTANCES, OR MATTERS REGARDING THE PERSONALTY.

This Bill of Sale is subject to the express provisions of that certain Sale-Purchase Agreement, dated as of [\_\_\_\_\_], 2016 by and between Seller and Purchaser [(as assignee of [\_\_\_\_\_])], including, without limitation, the provisions of Sections 19, 29, 32, 37, 38, 39 and 40 thereof.

IN WITNESS WHEREOF, intending to be legally bound, the parties have executed this instrument as of this [\_\_\_\_\_] day of [\_\_\_\_\_], 2016.

SELLER:

RPG GLENRIDGE LLC,  
a Delaware limited liability company

By:

\_\_\_\_\_  
Name: Michael Betancourt  
Title: Authorized Signatory

PURCHASER:

[\_\_\_\_\_]

By: [\_\_\_\_\_]

By:

\_\_\_\_\_  
Name:  
Title:

Schedule 1  
Schedule of Personalty

All equipment, appliances, tools, machinery, supplies, building materials and other personal property of every kind and character owned by Seller and located on and used in connection with that certain land (the "Land") and the improvements located thereon located in the County of Fulton, State of Georgia, which Land is more particularly described in Schedule 2 attached to the Bill of Sale to which this Schedule 1 is attached.

All licenses, permits and other intangible property pertaining to the Land and the improvements located thereon.

Schedule 2  
Legal Description of the Land

(Attached hereto)

EXHIBIT H  
Form of Assignment and Assumption of Leases

THIS ASSIGNMENT AND ASSUMPTION OF LEASES (this "Assignment"), made as of the [ ] day of [ ], 2016 (the "Effective Date"), by and between RPG GLENRIDGE LLC, a limited liability company organized under the laws of the State of Delaware, having an office at c/o AION Partners, 11 East 44th Street, Suite 1000, New York, New York 10017, as assignor ("Assignor"), and [ ], a [ ] organized under the laws of the State of [ ], having an office [ ], as assignee ("Assignee").

WITNESSETH:

WHEREAS, Assignor is the landlord under the leases set forth on Schedule A attached hereto and made a part hereof (the "Leases"), pursuant to which Leases, Assignor has demised to the tenants thereunder certain premises located at 5501 Glenridge Drive, Atlanta, Georgia 30342, and more particularly described in Schedule B attached hereto (the "Premises");

WHEREAS, Assignor and Assignee are parties to that certain Sale-Purchase Agreement, dated as of [ ], 2016 (as amended, the "Purchase Agreement"), by and between Assignor, as seller, and Assignee, as purchaser, pursuant to which Purchase Agreement, Assignor has agreed to sell to Assignee, and Assignee has agreed to purchase from Assignor, the Premises;

WHEREAS, in connection with the Purchase Agreement (a) Assignor is required to assign, transfer and convey to the purchaser thereunder all of Assignor's right, title and interest in, to and under the Leases, together with any and all right, title, estate and interest of Assignor in and to such security deposits and prepaid rents, if any, as have been paid to Assignor pursuant to such Leases, less any amounts deducted therefrom as provided in Section 6.9 of the Purchase Agreement (collectively, the "Security Deposits"), and (b) such purchaser is required to accept such assignment and to assume Assignor's obligations under the Leases and the Security Deposits from and after the Effective Date; and

WHEREAS, Assignee and Assignor are consummating the transactions set forth in the Purchase Agreement on the Effective Date.

NOW, THEREFORE, in consideration of the sum of Ten and 00/100 Dollars (\$10.00) and other good and valuable consideration, the mutual receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. Unless otherwise stated herein, all capitalized terms used in this Assignment shall have the meanings specified in the Purchase Agreement.

2. Subject to the terms of the Purchase Agreement, Assignor hereby assigns, transfers, releases and sets over unto Assignee all of the right, title and interest of Assignor in, to and under (a) the Leases, and (b) the Security Deposits, and (c) the accounts referred to on Schedule C (the "Security Deposit Accounts"), which Security Deposit Accounts contain all Security Deposits held by Seller (it being acknowledged by Assignee that such assignment and transfer of the Security Deposit Accounts constitute the satisfaction of Assignor's obligations in respect thereof under the Purchase Agreement, including, without limitation, Section 6.9 thereof.

3. Assignee hereby accepts the foregoing assignment and hereby assumes (a) all of the obligations of Assignor under the Leases from and after the Effective Date and (b) all obligations of Assignor with respect to the Security Deposits [and the Security Deposit Accounts], including, without limitation, the obligation to return same to the tenants under the Leases in accordance with the terms of such Leases.

4. Assignor hereby indemnifies and holds Assignee harmless from and against any and all claims, expenses, costs, obligations or other liabilities with respect to the Leases, and Security Deposits and Security Deposit Accounts, arising or incurred after the Effective Date with respect to events occurring prior to the Effective Date. The foregoing indemnification obligation shall survive the delivery of this instrument for a period of six (6) months and any claim not made within such six (6) month period shall be deemed waived by Assignee.

5. Assignee hereby indemnifies and holds Assignor harmless from and against any and all claims, expenses, costs, obligations, or other liabilities with respect to the Leases, Security Deposits, and Security Deposit Accounts, arising or incurred after the Effective Date with respect to events occurring after the Effective Date. The foregoing indemnification obligation shall survive the delivery of this instrument for a period of six (6) months.

6. This Assignment may not be amended, modified or terminated except by an instrument in writing executed by the parties hereto.

7. This Assignment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

8. This Assignment may be executed in counterparts, each of which shall constitute an original, and all of which taken together shall constitute one and the same instrument.

9. The provisions hereof are subject to the provisions of the Purchase Agreement, including, without limitation, the provisions of Sections 19, 29, 32, 37, 38, 39 and 40 thereof.

IN WITNESS WHEREOF, intending to be legally bound the parties hereto have executed this Assignment as of the Effective Date.

ASSIGNOR:

RPG GLENRIDGE LLC,  
a Delaware limited liability company

By:

\_\_\_\_\_  
Name: Michael Betancourt  
Title: Authorized Signatory

ASSIGNEE:

[\_\_\_\_\_] , a [\_\_\_\_\_]

By: [\_\_\_\_\_], a [\_\_\_\_\_], its [\_\_\_\_\_]

By:

\_\_\_\_\_  
Name:  
Title:

Schedule A

Leases

(Attached hereto)

Schedule B

Legal Description of the Premises

(Attached hereto)

[Schedule C

Security Deposit Accounts

Institution

Account No.

Tenant

Deposit]

EXHIBIT I  
Form of Assignment and Assumption of Contracts

THIS ASSIGNMENT AND ASSUMPTION OF CONTRACTS (this "Assignment"), made as of the [ ] day of [ ], 2016 (the "Effective Date"), by and between RPG GLENRIDGE LLC, a limited liability company organized under the laws of the State of Delaware, having an office at c/o 11 East 44th Street, Suite 1000, New York, New York 10017, as assignor ("Assignor"), and [ ], a [ ] organized under the laws of the State of [ ], having an office [ ], as assignee ("Assignee").

WITNESSETH:

WHEREAS, Assignor is party to certain contracts (the "Contracts") with the parties set forth on Schedule A attached hereto and made a part hereof, pursuant to which Contracts Assignor has entered into certain agreements regarding the provision of certain services and the supply of certain goods to or for certain premises located at 5501 Glenridge Drive, Atlanta, Georgia 30342, and more particularly described in Schedule B attached hereto (the "Premises"), as further described therein;

WHEREAS, Assignor and Assignee are parties to that certain Sale-Purchase Agreement, dated as of [ ], 2016 (as amended, the "Purchase Agreement"), by and between Assignor, as seller, and Assignee, as purchaser, pursuant to which Purchase Agreement, Assignor has agreed to sell to Assignee, and Assignee has agreed to purchase from Assignor, the Premises;

WHEREAS, in connection with the Purchase Agreement (a) Assignor is required to assign, transfer and convey to the purchaser thereunder all of Assignor's right, title and interest in, to and under the Contracts, and (b) such purchaser is required to accept such assignment and to assume Assignor's obligations under the Contracts from and after the Effective Date; and

WHEREAS, Assignee and Assignor are consummating the transactions set forth in the Purchase Agreement on the Effective Date.

NOW, THEREFORE, in consideration of the sum of Ten and 00/100 Dollars (\$10.00) and other good and valuable consideration, the mutual receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. Unless otherwise stated herein, all capitalized terms used in this Assignment shall have the meanings specified in the Purchase Agreement.
2. Subject to the terms of the Purchase Agreement, Assignor hereby assigns, transfers, releases and sets over unto Assignee all of the right, title and interest of Assignor in, to and under the Contracts.
3. Assignee hereby accepts the foregoing assignment and hereby assumes all of the obligations of Assignor under the Contracts from and after the Effective Date.
4. Assignor hereby indemnifies and holds Assignee harmless from and against any and all claims, expenses, costs, obligations or other liabilities with respect to the Contracts, arising or incurred after the Effective Date with respect to events occurring prior to the Effective Date. The foregoing indemnification obligation shall survive the delivery of this instrument for a period of six (6) months and any claim not made within such six (6) month period shall be deemed waived by Assignee.

5. Assignee hereby indemnifies and holds Assignor harmless from and against any and all claims, expenses, costs, obligations, or other liabilities with respect to the Contracts, arising or incurred after the Effective Date with respect to events occurring after the Effective Date. The foregoing indemnification obligation shall survive the delivery of this instrument for a period of six (6) months.

6. This Assignment may not be amended, modified or terminated except by an instrument in writing executed by the parties hereto.

7. This Assignment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

8. This Assignment may be executed in counterparts, each of which shall constitute an original, and all of which taken together shall constitute one and the same instrument.

9. The provisions hereof are subject to the provisions of the Purchase Agreement, including, without limitation, the provisions of Sections 19, 29, 32, 37, 38, 39 and 40 thereof.

IN WITNESS WHEREOF, intending to be legally bound, the parties hereto have executed this Assignment as of the Effective Date.

ASSIGNOR:

RPG GLENRIDGE LLC,  
a Delaware limited liability company

By: \_\_\_\_\_

Name: Michael Betancourt  
Title: Authorized Signatory

ASSIGNEE:

[\_\_\_\_\_] , a [\_\_\_\_\_]

By: [\_\_\_\_\_] , a [\_\_\_\_\_] , its [\_\_\_\_\_]

By: \_\_\_\_\_

Name:  
Title:

Schedule A

List of Contract Parties

(Attached hereto)

Schedule B

Legal Description of the Premises

(Attached hereto)

EXHIBIT J  
Form of Assignment and Assumption of Intangible Property

THIS ASSIGNMENT AND ASSUMPTION OF INTANGIBLE PROPERTY (this "Assignment"), made as of the [ ] day of [ ], 2016 (the "Effective Date"), by and between RPG GLENRIDGE LLC, a limited liability company organized under the laws of the State of Delaware, having an office at c/o [11 East 44th Street, Suite 1000, New York, New York 10017, as assignor ("Assignor"), and [ ], a [ ] organized under the laws of the State of [ ], having an office [ ], as assignee ("Assignee").

WITNESSETH:

WHEREAS, Assignor and Assignee are parties to that certain Sale-Purchase Agreement, dated as of [ ], 2016 (as amended, the "Purchase Agreement"), by and between Assignor, as seller, and Assignee, as purchaser, pursuant to which Purchase Agreement, Assignor has agreed to sell to Assignee, and Assignee has agreed to purchase from Assignor, certain premises located at [ ], and more particularly described in Schedule A attached hereto (the "Premises"), as further described therein;

WHEREAS, in connection with the Purchase Agreement (a) Assignor is required to assign, transfer and convey to the purchaser thereunder all of Assignor's right, title and interest in, to and under the Intangible Property (as defined in the Purchase Agreement), and (b) such purchaser is required to accept such assignment and to assume Assignor's obligations with respect to the Intangible Property from and after the Effective Date; and

WHEREAS, Assignee and Assignor are consummating the transactions set forth in the Purchase Agreement on the Effective Date.

NOW, THEREFORE, in consideration of the sum of Ten and 00/100 Dollars (\$10.00) and other good and valuable consideration, the mutual receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. Unless otherwise stated herein, all capitalized terms used in this Assignment shall have the meanings specified in the Purchase Agreement.
2. Subject to the terms of the Purchase Agreement, Assignor hereby assigns, transfers, releases and sets over unto Assignee all of the right, title and interest of Assignor in, to and under Intangible Property.
3. Assignee hereby accepts the foregoing assignment and hereby assumes all of the obligations of Assignor with respect to the Intangible Property from and after the Effective Date.
4. Assignor hereby indemnifies and holds Assignee harmless from and against any and all claims, expenses, costs, obligations or other liabilities with respect to the Intangible Property, arising or incurred after the Effective Date with respect to events occurring prior to the Effective Date. The foregoing indemnification obligation shall survive the delivery of this instrument for a period of six (6) months and any claim not made within such six (6) month period shall be deemed waived by Assignee.
5. Assignee hereby indemnifies and holds Assignor harmless from and against any and all claims, expenses, costs, obligations, or other liabilities with respect to the Intangible Property, arising or incurred after the Effective Date with respect to events occurring after the Effective Date. The foregoing indemnification obligation shall survive the delivery of this instrument for a period of six (6) months.

6. This Assignment may not be amended, modified or terminated except by an instrument in writing executed by the parties hereto.

7. This Assignment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

8. This Assignment may be executed in counterparts, each of which shall constitute an original, and all of which taken together shall constitute one and the same instrument.

9. The provisions hereof are subject to the provisions of the Purchase Agreement, including, without limitation, the provisions of Sections 19, 29, 32, 37, 38, 39 and 40 thereof.

IN WITNESS WHEREOF, intending to be legally bound, the parties hereto have executed this Assignment as of the Effective Date.

ASSIGNOR:

RPG GLENRIDGE LLC,  
a Delaware limited liability company

By:

\_\_\_\_\_  
Name: Michael Betancourt  
Title: Authorized Signatory

ASSIGNEE:

[\_\_\_\_\_] , a [\_\_\_\_\_]

By: [\_\_\_\_\_] , a [\_\_\_\_\_] , its [\_\_\_\_\_]

By:

\_\_\_\_\_  
Name:  
Title:

Schedule A  
Legal Description of the Premises

(Attached hereto)

EXHIBIT K  
Form of FIRPTA Certification

[Section 1445 of the Internal Revenue Code (the “Code”) provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. For U.S. tax purposes (including section 1445), the owner of a disregarded entity (which has legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity. To inform [\_\_\_\_], a [\_\_\_\_] (“Transferee”), that withholding of tax is not required upon the disposition of a U.S. real property interest by [\_\_\_\_], [\_\_\_\_] (“Transferor”), Transferor hereby certifies the following: **[To be used where the seller is not a disregarded entity.]**

[Section 1445 of the Internal Revenue Code (the “Code”) provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. For U.S. tax purposes (including section 1445), the owner of a disregarded entity (which has legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity. To inform [\_\_\_\_], a [\_\_\_\_] (“Transferee”), that withholding of tax is not required upon the disposition of a U.S. real property interest by [\_\_\_\_], [\_\_\_\_] (“Transferor”), the sole member of [\_\_\_\_], [\_\_\_\_] (a disregarded entity for federal tax purposes that holds legal title to a U.S. real property interest under local law), Transferor hereby certifies the following: **[To be used where the seller is a disregarded entity.]**

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Code and the Treasury Regulations);
2. Transferor is not a disregarded entity, as such term is defined in the Treasury Regulations § 1.1445-2(b)(2)(iii);
3. Transferor’s U.S. employer identification number is [\_\_\_\_]; and
4. Transferor’s office address is [\_\_\_\_].

Transferor understands that this certificate (this “Certificate”) may be disclosed to the Internal Revenue Service by Transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury, Transferor declares that Transferor has examined this Certificate and to the best of Transferor’s knowledge and belief this Certificate is true, correct and complete, and Transferor further declares that Transferor has authority to sign this Certificate.

IN WITNESS WHEREOF, this Certificate has been executed as of this [ \_\_ ] day of [\_\_\_\_], 2016.

[\_\_\_\_], a [\_\_\_\_]

By: [\_\_\_\_], a [\_\_\_\_], its [\_\_\_\_]

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT L  
Form of Notice to Tenants

[\_\_\_\_\_] , 2016

VIA [Insert Form of Delivery under the Lease]

[Name of Tenant]  
[Address of Tenant]  
[Address of Tenant]

Re: [Description of Lease], dated as of [Date of Lease] (as amended, the "Lease"), by and between [Name of Seller], as landlord ("Landlord"), and [Name of Tenant], as tenant ("Tenant")

Ladies & Gentlemen:

Reference is made to the Lease. Pursuant to the Lease, Tenant has leased from Landlord certain premises located in that certain property known as the "Nevadan Apartments", located at 5501 Glenridge Drive, Atlanta, Georgia 30342 (the "Property").

Landlord hereby notifies Tenant that Landlord is, on the date hereof, conveying and otherwise transferring its interest in the Property to [\_\_\_\_\_] ("Purchaser"), including, without limitation, Landlord's interest in the Lease.

Please be advised that all future rentals and payments under the Lease should be delivered to Purchaser (as the new landlord under the Lease) as follows:

c/o [\_\_\_\_\_] [\_\_\_\_\_] [\_\_\_\_\_] Attention: [\_\_\_\_\_]

Please be further advised that all future notices and correspondence under the Lease should be delivered to Purchaser (as the new landlord under the Lease) as follows:

c/o [\_\_\_\_\_] [\_\_\_\_\_] [\_\_\_\_\_] Attention: [\_\_\_\_\_]

with a copy to:

c/o [\_\_\_\_\_]

[\_\_\_\_\_]

[\_\_\_\_\_]

Attention: [\_\_\_\_\_]

Please call Purchaser's representative [\_\_\_\_\_], at [\_\_\_\_\_], if you have any questions regarding the Lease after the date hereof.

Very truly yours,

Seller:

RPG GLENRIDGE LLC,  
a Delaware limited liability company

By: \_\_\_\_\_

Name: Michael Betancourt

Title: Authorized Signatory

Purchaser:

[\_\_\_\_\_]

By: [\_\_\_\_\_] , its [\_\_\_\_\_]

By: \_\_\_\_\_

Name:

Title:

cc: [Required Notice Parties Under the Lease]

EXHIBIT M  
Form of Notice to Contract Parties

[\_\_\_\_], 2016

VIA [Insert Form of Delivery under the Service Contract]

[Name of Service Contractor]  
[Address of Service Contractor]  
[Address of Service Contractor]

Re: [Description of Property] (the "Property")

Ladies & Gentlemen:

You have a contract (the "Service Contract") for the supply of services or the furnishing of goods to the owner of that certain property known as the "Nevadan Apartments", located at 5501 Glenridge Drive, Atlanta, Georgia 30342 (the "Property").

Please be advised that the current owner of the Property, RPG GLENRIDGE LLC, a Delaware limited liability company, as seller ("Seller"), is, on the date hereof, conveying and otherwise transferring its interest in the Property to [\_\_\_\_], as purchaser ("Purchaser"), and in connection with such transfer, Seller is also assigning its interest in the Service Contract to Purchaser.

Please be advised that all demands for payment, correspondence and notices under the Service Contract should be delivered to Purchaser (as the new owner of the Property) as follows:

c/o [\_\_\_\_]  
[\_\_\_\_]  
[\_\_\_\_]  
Attention: [\_\_\_\_\_]

Please call Purchaser's representative [\_\_\_\_], at [\_\_\_\_], if you have any questions regarding the Service Contract after the date hereof.

Very truly yours,

Seller:

RPG GLENRIDGE LLC,  
a Delaware limited liability company

By:

\_\_\_\_\_  
Name: Michael Betancourt  
Title: Authorized Signatory

Purchaser:

[\_\_\_\_\_]

By: [\_\_\_\_\_] , its [\_\_\_\_\_]

By:

\_\_\_\_\_  
Name:  
Title:

EXHIBIT N  
Existing Title/Survey Matters

1. The lien of any unpaid real estate taxes, assessments, water or sewer rents or charges, or vault charges, for fiscal and other tax years, subject to Seller and Purchaser satisfying their respective obligations regarding prorations and adjustments pursuant to the terms of this Agreement.
2. All present and future zoning, building and other applicable governmental laws, ordinances, codes, restrictions and regulations of the municipality in which the Premises are located and all other governmental authorities having jurisdiction, and all present or future violations thereof, if any.
3. Rights of parties in possession under the Leases, if any.

EXHIBIT O  
Intentionally Omitted

EXHIBIT P  
List of Material Litigation

None.

EXHIBIT Q  
Allocation of Purchase Price

Nevadan Apartments – 100 %

EXHIBIT R  
Environmental Reports

Phase I Assessment dated December 21, 2006 prepared by Dominion Due Diligence Group.

**FIRST AMENDMENT OF SALE-PURCHASE AGREEMENT**

**THIS FIRST AMENDMENT OF SALE-PURCHASE AGREEMENT** (this "**Amendment**") is made effective as of August 19, 2016, by and between **RPG GLENRIDGE LLC**, a Delaware limited liability company ("**Seller**"), and **CARROLL ACQUISITIONS, LLC**, a Georgia limited liability company ("**Purchaser**"), on the following terms and conditions:

**RECITALS:**

A. Seller and Purchaser entered into that Sale-Purchase Agreement dated August 12, 2016 (the "**Agreement**"; all capitalized terms in this Amendment, unless otherwise defined herein, having the same meanings assigned to such terms in the Agreement) for the sale by Seller to Purchaser of property located in Fulton County, Georgia, as more particularly described therein; and

B. Seller and Purchaser desire to amend the Agreement as herein provided.

**AMENDMENT:**

NOW, THEREFORE, for the premises considered, and for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser amend the Agreement as follows:

1. **Due Diligence Date.** The term "**Due Diligence Period**" as set forth in **Section 35** of the Agreement and referred to elsewhere in the Agreement is hereby amended and shall hereafter be defined as the period beginning on the Effective Date and ending on August 24, 2016, at 5:00 P.M. (New York time).

2. **Full Force and Effect.** As amended in this Amendment, the Agreement continues in full force and effect.

3. **Counterparts.** This Amendment may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, this Amendment has been duly executed by the parties hereto as of the Effective Date.

SELLER:

RPG GLENRIDGE LLC,  
a Delaware limited liability comp

By: /s/ Michael Betancourt  
Name: Michael Betancourt  
Title: Authorized Signatory

PURCHASER:

CARROLL ACQUISITIONS, LLC,  
a Georgia limited liability company

By: /s/ Josh Champion  
Name: Josh Champion  
Title: President

**SECOND AMENDMENT OF SALE-PURCHASE AGREEMENT**

**THIS SECOND AMENDMENT OF SALE-PURCHASE AGREEMENT** (this "**Amendment**") is made effective as of August 24, 2016, by and between **RPG GLENRIDGE LLC**, a Delaware limited liability company ("**Seller**"), and **CARROLL ACQUISITIONS, LLC**, a Georgia limited liability company ("**Purchaser**"), on the following terms and conditions:

**RECITALS:**

A. Seller and Purchaser entered into that Sale-Purchase Agreement dated August 12, 2016, as amended by that First Amendment of Sale-Purchase Agreement dated August 19, 2016 (as amended, the "**Agreement**"; all capitalized terms in this Amendment, unless otherwise defined herein, having the same meanings assigned to such terms in the Agreement) for the sale by Seller to Purchaser of property located in Fulton County, Georgia, as more particularly described therein; and

B. Seller and Purchaser desire to amend the Agreement as herein provided.

**AMENDMENT:**

NOW, THEREFORE, for the premises considered, and for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser amend the Agreement as follows:

1. **Due Diligence Date.** The term "**Due Diligence Period**" as set forth in Section 35 of the Agreement and referred to elsewhere in the Agreement is hereby amended and shall hereafter be defined as the period beginning on the Effective Date and ending on August 25, 2016, at 5:00 P.M. (New York time).

2. **Full Force and Effect.** As amended in this Amendment, the Agreement continues in full force and effect.

3. **Counterparts.** This Amendment may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, this Amendment has been duly executed by the parties hereto as of the Effective Date.

SELLER:

RPG GLENRIDGE LLC,  
a Delaware limited liability company

By: /s/ Michael Betancourt  
Name: Michael Betancourt  
Title: Authorized Signatory

PURCHASER:

CARROLL ACQUISITIONS, LLC,  
a Georgia limited liability company

By: /s/ Josh Champion  
Name: Josh Champion  
Title: President

**THIRD AMENDMENT OF SALE-PURCHASE AGREEMENT**

**THIS THIRD AMENDMENT OF SALE-PURCHASE AGREEMENT** (this “**Amendment**”) is made effective as of August 25, 2016, by and between **RPG GLENRIDGE LLC**, a Delaware limited liability company (“**Seller**”), and **CARROLL ACQUISITIONS, LLC**, a Georgia limited liability company (“**Purchaser**”), on the following terms and conditions:

**RECITALS:**

A. Seller and Purchaser entered into that Sale-Purchase Agreement dated August 12, 2016, as amended by that First Amendment of Sale-Purchase Agreement dated August 19, 2016, as further amended by that Second Amendment of Sale-Purchase Agreement dated August 24, 2016 (as amended, the “**Agreement**”) for the sale by Seller to Purchaser of property located in Fulton County, Georgia, as more particularly described therein (the “**Premises**”);

B. In connection with Purchaser’s diligence pursuant to the Agreement, Purchaser (i) reviewed the Field Inspection Report prepared by the Sandy Springs Fire Marshal’s Office (the “**Marshal**”), dated July 26, 2016, a copy of which is attached hereto as Exhibit A and incorporated herein, which identified numerous deficiencies with respect to the life safety and fire protection system existing on the Premises; (ii) obtained inspection reports prepared by Century Fire Protection (“**Century**”), copies of which are attached hereto as Exhibit B and incorporated herein, which identified numerous deficiencies with respect to the life safety and fire protection system existing on the Premises; and (iii) discovered an unmaintained master pump room consisting of an unused and damaged pump and controller located in the mail room on the Premises, a picture of which is attached hereto as Exhibit C and incorporated herein (each of the foregoing deficiencies identified in (i)-(iii) above is hereinafter referred to as a “**Fire Safety Deficiency**”, and collectively as the “**Fire Safety Deficiencies**”);

C. Seller and Purchaser desire to amend the Agreement as herein provided.

**AMENDMENT:**

NOW, THEREFORE, for the premises considered, and for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser amend the Agreement as follows:

1. **Recitals.** The foregoing recitals are true and correct, and are incorporated herein by this reference, as if set out in full in the body of this Amendment.

2. **Defined Terms.** Unless otherwise defined herein, capitalized terms used herein shall have the respective meanings given to them in the Agreement.

3. **Amendments to Agreement.**

i. The “**Closing Date**” as set forth in Section 4 of the Agreement and referred to elsewhere in the Agreement is hereby amended and shall hereafter be defined as September 28, 2016.

ii. On or before August 29, 2016, Seller, at Seller's sole cost and expense, shall engage Century to cure all Fire Safety Deficiencies prior to Closing, and thereafter Seller shall in good faith take such actions as are necessary to ensure that each Fire Safety Deficiency receives a grade of "Passed", "Compliant" or an equivalent grade, or a "Green Tag", as the case may be, upon re-inspection of the Premises by the Marshal or Century, as applicable, prior to Closing. Without limitation on the foregoing, Seller, at Seller's sole cost and expense, shall take such curative actions as are necessary to ensure that the pump and controller located in the master pump room are in working condition, without any leaks, prior to Closing.

iii. In the event that any Fire Safety Deficiencies remain uncured at Closing, as determined by the Fire Marshal or Century following re-inspection of the Premises, Seller shall, on or prior to the Closing, deposit with Escrow Agent an amount equal to one hundred twenty-five percent (125%) of the cost to cure such remaining Fire Safety Deficiencies, as reasonably determined by Purchaser (the "**Fire Safety Escrow**"). The Fire Safety Escrow shall be disbursed to Purchaser upon written request by Purchaser to Escrow Agent describing the amount to be disbursed and the work covered by such request, and any funds remaining in the Fire Safety Escrow after all of the Fire Safety Deficiencies have been cured as described herein, shall be returned to Seller.

iv. Seller shall obtain a current pool permit issued by Fulton County prior to Closing.

v. Purchaser shall receive a credit against the Purchase Price at Closing in the amount of One Million Two Hundred Fifty Thousand and No/100 Dollars (\$1,250,000.00).

4. **No Other Modifications.** The Agreement shall remain in full force and effect, without modification, except as expressly modified hereby.

5. **Counterparts.** This Amendment may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, this Amendment has been duly executed by the parties hereto as of the Effective Date.

SELLER:

RPG GLENRUDGE LLC,  
a Delaware limited liability company

By: /s/ Michael Betancourt  
Name: Michael Betancourt  
Title: Authorized Signatory

PURCHASER:

CARROLL ACQUISITIONS, LLC,  
a Georgia limited liability company

By: /s/ Josh Champion  
Name: Josh Champion  
Title: President

EXHIBIT A

[see attached]

Keith Sanders *Fire Chief*  
Sandy Springs Fire and Rescue  
7840 Roswell Road  
Sandy Springs, Georgia 30350  
www.sandyspringsga.org/public:safety/firc rescue



Doug Brown *Division Commander*  
Chris Edmondson *Deputy Fire Marshal*  
Scott McColl *Deputy Fire Marshal*  
fm inspections@sandyspringsga.gov •  
phone: (770)730-5600 fax: (770)206-4367

**Tuesday July 26, 2016**  
**Nevadan Apartments**  
**5501 Glenridge DR NE**  
**Main**  
**Sandy Springs, GA 30342**

**Fire Marshal's Office Field  
Inspection Report**

On 06/29/2016 , a(n) Annual Inspection was completed at your facility and revealed the violations listed below.

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**Violation Codes**

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**COSS ORDINANCE - COLOR Private Hydrant Color**

X II

103-93

5-12-16  
Not corrected

Recheck violation record auto-generated from ManageMyInspections.com recheck request.

Original Violation Remarks: Hydrant color shall be silver.

Hydrant needs to be painted silver,

**Repaired 06/ 29/ 2016**

**NFPA 25-5.4.1.4 Spare sprinkler heads not available**

Recheck violation record auto-generated from ManageMyInspections.com recheck request.

Original Violation Remarks: Section 5.4.1.4, NFPA 25, 2011 edition.

A supply of spare sprinklers (never fewer than six) shall be maintained on the premises so that any sprinklers that have operated or been damaged in any way can be promptly replaced.

Some missing

**Repaired 06/29/ 2016**

**NFPA 25-5.4.1.6 Special sprinkler wrench not available**

Recheck violation record auto-generated from ManageMyInspections.com recheck request.

Original Violation Remarks: Section 5.4.1.6, NFPA 25, 2011 edition.

A special sprinkler wrench shall be provided and kept in the cabinet to be used in the removal and installation of sprinklers.

5.4.1.6.1 One sprinkler wrench shall be provided for each type of sprinkler installed.

Some missing

**Repaired 06/ 29/ 2016**

**IFC-912.3 FDC access obstructed**

Recheck violation record auto-generated from ManageMyInspections.com recheck request.

Original Violation Remarks: Section 912.3, 2012 International Fire Code

Immediate access to fire department connections shall be maintained at all times and without obstruction by fences, bushes, trees, walls or any other fixed or moveable object. Access to fire department connections shall be approved by the fire chief.

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On 06/29/2016, a(n) Annual Inspection was completed at your facility and revealed the violations listed below .

---

**Violation Codes**

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Section 912.3 .2 A working space of not less than 36 inches in width, 36 inches in depth and 78 inches in height shall be provided and maintained in front of and to the sides of wall-mounted fire department connections and around the circumference of free-standing fire department connections, except as otherwise required or approved by the fire chief.

Some obstructed, clear all shrubs from FDC's

**Repaired 06/ 29/ 2016**

**5.9.1.4 Replace FDC plugs/caps**

NFPA

24

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 5.9.1.4, NFPA 24, 2013 edition

Fire department connections shall be equipped with listed plugs or caps that are secured and arranged for easy removal by fire departments.

Some missing

**Repaired 06/ 29/ 2016**

**NFPA101 General Requirements**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 4.6.1.2 - Any requirements that are essential for the safety of building occupants and that are not specifically provided for by this Code shall be determined by the authority having jurisdiction.

No tag, look to be residential, lobby of workout area.

**Repaired 06/ 29/ 2016**

**IFC-605.1 Abatement of Electrical Hazards**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 605.1, 2012 International Fire Code

Identified electrical hazards shall be abated. Identified hazardous electrical conditions in permanent wiring shall be brought to the attention of the responsible code official. Electrical wiring, devices, appliances, and other equipment that is modified or damaged and constitutes an electrical shock or fire hazard shall not be used.

Open outlet needs cover

**Repaired 06/ 29/ 2016**

**NFPA101 General Requirements**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 4.6.1.2 - Any requirements that are essential for the safety of building occupants and that are not specifically provided for by this Code shall be determined by the authority having jurisdiction.

Documentation for chimney and dryer vents

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On 06/29/2016, a(n) Annual Inspection was completed at your facility and revealed the violations listed below.

---

**Violation Codes**

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**IFC-605.6 Electrical junction boxes not covered**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 605.6, 2012International Fire Code

Open junction boxes and open-wiring splices shall be prohibited. Approved covers shall be provided for all switch and electrical outlet boxes.

Breaker boxes needs spacers in void areas

**IFC-509.1 Sprinkler Riser Room Signage Required**

5-12-16

Some have been marked but still others have yet to be

Recheck violation record auto-generated from ManageMyInspections.com recheck request. Original Violation

Remarks: Section 509.1, 2012International Fire Code

Fire protection equipment shall be identified in an approved manner. Rooms containing controls for air-conditioning systems, sprinkler risers and valves, or other fire detection, suppression or control elements shall be identified for the use of the fire department. Approved signs required to Identify fire protection equipment and equipment location, shall be constructed of durable materials, permanently Installed and readily visible.

Mark all riser rooms

**IFC-906.2 Fire Extinguisher Annual Inspection**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 906.2, 2012International Fire Code

Portable fire extinguishers shall be selected, installed, and maintained in accordance with this section and NFPA 10.

Multiple extinguisher need to serviced, advised maintain. Sup to check all through out complex

**IFC-507.5.2 Hydrant Inspection, Testing, and Maintenance**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 507.5.2, 2012 International Fire Code.

Fire hydrant systems shall be subject to periodic tests as required by the fire code official. Fire hydrant systems shall be maintained in an operative condition at all times and shall be repaired where defective. Additions, repairs, alterations, and servicing shall comply with approved standards.

Need. Documentation

**IFC-907.8 Fire Alarm Inspection, Testing, and Maintenance**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 907.8, 2012International Fire Code

The maintenance and testing schedules and procedures for fire alarm and fire detection systems shall be in accordance with Sections 907.8.1 through 907.8.5 and NFPA 72

Need testing documentation

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On 06/29/2016, a(n) Annual Inspection was completed at your facility and revealed the violations listed below.

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**Violation Codes**

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**IFC-901.4 Installation of fire protection systems**

5-12-16

I could not gain access to sprinkler riser in bid 8, bid 4 has no tags and was not included in the century report on 4-15-16.

Recheck violation record auto-generated from ManageMyinspections.com recheck request. Original Violation

Remarks: Section 901.4, 2012 International Fire Code

Fire protection systems shall be maintained in accordance with the original installation standards for that system.

Required systems shall be extended, altered, or augmented as necessary to maintain and continue protection whenever the building is altered, remodeled, or added to. Alterations to fire protection systems shall be done in accordance with applicable standards.

All yellow or red tagged (bld) or no tag (bid 5&6)

**IFC-903.S Sprinkler System Testing and Maintenance**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 903.5, 2012 International Fire Code

Sprinkler systems shall be tested and maintained in accordance with Section 901. Need documentation

**ORDER TO COMPLY:** You are hereby notified to remedy the conditions stated above or show just cause why you should not be required to do so. A re-inspection to determine compliance with this Notice will be conducted in no

**less than                      30 days                      15 days                      days                      NEXT ANNUAL .**

If you fail to comply with this notice before the reinspection date listed, you may be liable for the penalties provided for by law for such violations. This inspection was conducted according to applicable laws adopted at this time.

Every effort was made to note code violations, but this does not relieve the owner of the responsibility to comply with items missed or unknown to the inspector.

**VIOLATIONS MAY ALSO RESULT IN SEPARATE FINES BEING ASSESSED UP TO \$1,000.00 FOR EACH VIOLATION.**

\_\_\_\_\_ X \_\_\_\_\_

Kearns, Leah N  
Inspector

Occupant/Owner

Thank you for your cooperation in keeping your business and our community safe! If you have any questions, please contact Sandy Springs Fire Marshal's Office.

---

Keith Sanders *Fire Chief*  
Sandy Springs Fire and Rescue  
7840 Roswell Road  
Sandy Springs, Georgia 30350  
www.sandyspring.sga.org/public-safety /fire-rescue



Doug Brown *Division Commander*  
Chris Edmondson *Deputy Fire Marshal*  
Scott McColl *Deputy Fire Marshal*  
fmoinspections@sandyspring.sga.gov  
phone: (770)730-5600 fax: (770)206-4367

**Tuesday July 26, 2016**  
**Nevadan Apartments - Building 01**  
**5501 Glenridge DR NE**  
**Building 01**  
**Sandy Springs, GA 30342**

**Fire Marshal's Office Field**  
**Inspection Report**

On 06/29/2016 , a(n) Annual Inspection was completed at your facility and revealed the violations listed below.

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**Violation Codes**

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**IFC-907.8 Fire Alarm Inspection, Testing, and Maintenance**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 907.8, 2012International Fire Code

The maintenance and testing schedules and procedures for fire alarm and fire detection systems shall be in accordance with Sections 907.8.1 through 907.8.5 and NFPA 72.

Need documentation of testing

**NFPA101 General Requirements**

5-12-16  
Not corrected

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 4.6.1.2 - Any requirements that are essential for the safety of building occupants and that are not specifically provided for by this Code shall be determined by the authority having jurisdiction.

Near apt 144 pull station needs to be serviced

**IFC-901.4 Installation of fire protection systems**

5-12-16  
System is now yellow tagged

Recheck violation record auto-generated from ManageMyinspections.com recheck request. Original Violation

Remarks: Section 901.4, 2012International Fire Code

Fire protection systems shall be maintained in accordance with the original installation standards for that system.

Required systems shall be extended, altered, or augmented as necessary to maintain and continue protection whenever the building is altered, remodeled, or added to. Alterations to fire protection systems shall be done in accordance with applicable standards.

Red tagged system, fire watch required until system is fixed

**IFC-903.5 Sprinkler System Testing and Maintenance**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 903.5, 2012International Fire Code

Sprinkler systems shall be tested and maintained in accordance with Section 901.

Not done since 2014

---

Nevadan Apartments - Building 01  
5501 Glenridge DR NE  
Building 01  
Sandy Springs, GA 30342

Fire Marshal's Office  
Field Inspection Report

On 06/29/2016 , a(n) Annual Inspection was completed at your facility and revealed the violations listed below.

---

**Violation Codes NFPA**

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**25-5.4.1.4 Spare sprinkler heads not available**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 5.4.1.4, NFPA 25, 2011 edition.

A supply of spare sprinklers (never fewer than six) shall be maintained on the premises so that any sprinklers that have operated or been damaged in any way can be promptly replaced.

No heads

**NFPA 25-5.4.1.6 Special sprinkler wrench not available**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 5.4.1.6, NFPA 25, 2011 edition.

A special sprinkler wrench shall be provided and kept in the cabinet to be used in the removal and installation of sprinklers.

5.4.1.6.1 One sprinkler wrench shall be provided for each type of sprinkler installed.

No wrench

**IFC-912.6 FDC Inspection, Testing, and Maintenance**

5-12-16

Yellow tagged

Recheck violation record auto-generated from ManageMyinspections.com recheck request. Original Violation

Remarks: Section 912.6, 2012 International Fire Code

All fire department connections shall be periodically inspected, tested, and maintained in accordance with NFPA 25. Red tagged

---



Keith Sanders *Fire Chief*  
Sandy Springs Fire and Rescue  
7840 Roswell Road  
Sandy Springs, Georgia 30350  
www.sandyspringsga.org/public-safety/fire-rescue



Doug Brown *Division Commander*  
Chris Edmondson *Deputy Fire Marshal*  
Scott McColl *Deputy Fire Marshal*  
fmoinspections@sandyspringsga.gov  
phone:(770)730-5600 fax: (770)206-4367

**Tuesday July 26, 2016**  
**Nevadan Apartments - Building 02**  
**5501 Glenridge DR NE Building 02**  
**Sandy Springs, GA 30342**

**Fire Marshal's Office Field  
Inspection Report**

On 06/29/2016, a(n) Annual Inspection was completed at your facility and revealed the violations listed below.

---

**Violation Codes**

---

**IFC-912.6 FDC Inspection, Testing, and Maintenance**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 912 .6, 2012International Fire Code  
All fire department connections shall be periodically inspected, tested, and maintained in accordance with NFPA 25.

Seemed to be coming out of the wall

**Repaired 06/ 29/ 2016**

**IFC-605.6 Electrical junction boxes not covered**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks : Section 605.6, 2012International Fire Code  
Open junction boxes and open-wiring splices shall be prohibited. Approved covers shall be provided for all switch and electrical outlet boxes.

Fixed any exposed wiring

**IFC-605.5 Extension cords used for permanent wiring**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 605.5, 2012International Fire Code  
Extension cords and flexible cords shall not be a substitute for permanent wiring. Extension cords and flexible cords shall not be affixed to structures, extended through walls, ceilings or floors, or under doors or floor coverings, nor shall such cords be subject to environmental damage or physical impact. Extension cords shall be used only with portable appliances.

Open plug and extension cord used as perm wiring

**NFPA101 General Requirements**

6-29-16  
In trouble and still duct taped

5-12-16  
Not corrected

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 4.6.1.2 - Any requirements that are essential for the safety of building occupants and that are not specifically provided for by this Code shall be determined by the authority having jurisdiction.

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Nevadan Apartments - Building 02  
5501 Glenridge DR NE Building 02  
Sandy Springs, GA 30342

Fire Marshal's Office Field  
Inspection Report

On 06/29/2016 ,a(n) Annual Inspection was completed at your facility and revealed the violations listed below.

---

**Violation Codes**

---

Panel has to be properly secured, duct tape dose not suffice

**IFC-901.4 Installation of fire protection systems**

5-12-16

Not corrected

Recheck violation record auto-generated from ManageMyinspections .com recheck request. Original Violation

Remarks: Section 901.4, 2012International Fire Code

Fire protection systems shall be maintained in accordance with the original installation standards for that system.

Required systems shall be extended, altered, or augmented as necessary to maintain and continue protection whenever the building is altered, remodeled, or added to. Alterations to fire protection systems shall be done in accordance with applicable standards.

Yellow tagged

**ORDER TO COMPLY:** You are hereby notified to remedy the conditions stated above or show just cause why you should not be required to do so. A re-inspection to determine compliance with this Notice will be conducted in no

**less than                      30 days                      15 days                      days                      NEXT ANNUAL .**

If you fail to comply with this notice before the relnspection date listed, you may be liable for the penalties provided for by law for such violations. This inspection was conducted according to applicable laws adopted at this time.

Every effort was made to note code violations, but this does not relieve the owner of the responsibility to comply with items missed or unknown to the inspector.

**VIOLATIONS MAY ALSO RESULT IN SEPARATE FINES BEING ASSESSED UP TO \$1,000.00 FOR EACH VIOLATION.**

\_\_\_\_\_ X \_\_\_\_\_

Kearns, Leah N  
**Inspector**

**Occupant/ Owner**

Thank you for your cooperation in keeping your business and our community safe! If you have any questions, please contact Sandy Springs Fire Marshal's Office.

---

Keith Sanders *Fire Chief*  
Sandy Springs Fire and Rescue  
7840 Roswell Road  
Sandy Springs, Georgia 30350  
www.samlyspringsga.org/public-safety/fire-rcscue



Doug Brown *Division Commander*  
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Scott McColl *Deputy Fire Marshal*  
fmoinspections@sandyspringsga.gov  
phone:(770)730-5600 fax: (770)206-4367

**Tuesday July 26, 2016**  
**Nevadan Apartments - Building 03**  
**5501 Glenridge DR NE Building 03**  
**Sandy Springs, GA 30342**

**Fire Marshal's Office**  
**Field Inspection Report**

On 06/29/ 2016, a(n) Annual Inspection was completed at your facility and revealed the violations listed below.

---

**Violation Codes**

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**IFC-907.8 Fire Alarm Inspection, Testing, and Maintenance**

5-12-16

Alarm is in normal mode, but needs to be properly secured, using duct tape currently.

Recheck violation record auto-generated from ManageMyInspections.com recheck request. Original Violation

Remarks: Section 907.8, 2012International Fire Code

The maintenance and testing schedules and procedures for fire alarm and fire detection systems shall be in accordance with Sections 907 .8.1 through 907.8.5 and NFPA 72.

Not in normal operating mode

**Repaired 06/ 29/ 2016**

**NFPA 25-5.4.1.6 Special sprinkler wrench not available**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 5.4.1.6, NFPA 25, 2011 edition.

A special sprinkler wrench shall be provided and kept in the cabinet to be used in the removal and installation of sprinklers.

5.4.1.6 .1 One sprinkler wrench shall be provided for each type of sprinkler installed.

No wrench

**Repaired 06/ 29/ 2016**

**IFC-912.3 FDC access obstructed**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 912.3, 2012International Fire Code

Immediate access to fire department connections shall be maintained at all times and without obstruction by fences, bushes, trees, walls or any other fixed or moveable object. Access to fire department connections shall be approved by the fire chief.

Section 912.3.2 A working space of not less than 36 inches in width, 36 inches in depth and 78 inches in height shall be provided and maintained in front of and to the sides of wall-mounted fire department connections and around the circumference of free-standing fire department connections, except as otherwise required or approved by the fire chief.

Remove shrubbery

**Repaired 06/ 29/ 2016**

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On 06/29/2016 , a(n) Annual Inspection was completed at your facility and revealed the violations listed below.

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**Violation Codes**

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**IFC-5303.5.3 Compressed gas cylinders not secured**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 5303.5.3, 2012International Fire Code

Securing compressed gas containers, cylinders and tanks. Compressed gas containers, cylinders and tanks shall be secured to prevent falling caused by contact, vibration or seismic activity. Securing of compressed gas containers, cylinders and tanks shall be by one of the following methods :

1. Securing containers, cylinders and tanks to a fixed object with one or more restraints.
2. Securing containers, cylinders and tanks on a cart or other mobile device designed for the movement of compressed gas containers, cylinders or tanks.
3. Nesting of compressed gas containers, cylinders and tanks at container filling or servicing facilities or in seller's warehouses not accessible to the public. Nesting shall be allowed provided the nested containers, cylinders or tanks, if dislodged, do not obstruct the required means of egress.
4. Securing of compressed gas containers, cylinders and tanks to or within a rack, framework, cabinet or similar assembly designed for such use.

Exception: Compressed gas containers, cylinders and tanks in the process of examination, filling, transport or servicing.

All compressed air cylinder must be secured

**Repaired 06/ 29/ 2016**

**IFC-901.4 Installation of fire protection systems**

6-29-16

Yellow tagged, need sign on workshop door that says riser room.

Recheck violation record auto-generated from ManageMyinspections.com recheck request. Original Violation

Remarks: Section 901.4, 2012International Fire Code

Fire protection systems shall be maintained in accordance with the original installation standards for that system. Required systems shall be extended, altered, or augmented as necessary to maintain and continue protection whenever the building is altered, remodeled, or added to. Alterations to fire protection systems shall be done in accordance with applicable standards.

Yellow tagged, century

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Nevadan Apartments - Building 03  
5501 Glenridge DR NE  
Building 03  
Sandy Springs, GA 30342

Fire Marshal's Office Field  
Inspection Report

On 06/29/2016 , a(n) Annual Inspection was completed at your facility and revealed the violations listed below.

---

**Violation Codes**

---

**ORDER TO COMPLY:** You are hereby notified to remedy the conditions stated above or show just cause why you should not be required to do so. A re-inspection to determine compliance with this Notice will be conducted in no

**less than                      30 days                      15 days                      days                      NEXT ANNUAL .**

If you fail to comply with this notice before the reinspection date listed, you may be liable for the penalties provided for by law for such violations. This inspection was conducted according to applicable laws adopted at this time.

Every effort was made to note code violations, but this does not relieve the owner of the responsibility to comply with items missed or unknown to the inspector.

**VIOLATIONS MAY ALSO RESULT IN SEPARATE FINES BEING ASSESSED UP TO \$1,000.00 FOR EACH VIOLATION.**

---

Kearns, Leah N  
Inspector

X

---

Occupant/Owner

Thank you for your cooperation in keeping your business and our community safe! If you have any questions, please contact Sandy Springs Fire Marshal's Office .

---

Keith Sanders *Fire Chief*  
Sandy Springs Fire and Rescue  
7840 Roswell Road  
Sandy Springs, Georgia 30350  
www.sandyspringsga.org/public-safety/fire-rcscue



Doug Brown *Division Commander*  
Chris Edmondson *Deputy Fire Marshal*  
Scott McColl *Deputy Fire Marshal*  
fmoinspections@sandyspringsga.gov  
phone: (770)730-5600 fax: (770)206-4367

**Tuesday July 26, 2016**  
**Nevadan Apartments - Building 04**  
**5501 Glenridge DR NE Building 04**  
**Sandy Springs, GA 30342**

**Fire Marshal's Office Field  
Inspection Report**

On 06/29/2016, a(n) Annual Inspection was completed at your facility and revealed the violations listed below.

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**Violation Codes NFPA**

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**25-5 .4.1.4 Spare sprinkler heads not available**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 5.4.1.4, NFPA 25, 2011 edition.

A supply of spare sprinklers (never fewer than six) shall be maintained on the premises so that any sprinklers that have operated or been damaged in any way can be promptly replaced.

No heads

**Repaired 06/ 29/ 2016**

**NFPA 25-5.4.1.6 Special sprinkler wrench not available**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 5 .4.1.6, NFPA 25, 2011 edition.

A special sprinkler wrench shall be provided and kept in the cabinet to be used in the removal and installation of sprinklers.

5.4.1.6.1 One sprinkler wrench shall be provided for each type of sprinkler installed.

No wrench

**Repaired 06/ 29/ 2016**

**NFPA101 General Requirements**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 4.6.1.2 - Any requirements that are essential for the safety of building occupants and that are not specifically provided for by this Code shall be determined by the authority having jurisdiction.

Painted heads

**IFC-901.4 Installation of fire protection systems**

6-29- 16

Not green tagged

Recheck violation record auto-generated from ManageMyinspections.com recheck request. Original Violation

Remarks: Section 901.4, 2012 International Fire Code

Fire protection systems shall be maintained in accordance with the original installation standards for that system. Required systems shall be extended, altered, or augmented as necessary to maintain and continue protection whenever the building is altered, remodeled, or added to. Alterations to fire protection systems shall be done in accordance with applicable standards.

---



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**Tuesday July 26, 2016**  
**Nevadan Apartments - Building 05**  
**5501 Glenridge DR NE Building 05**  
**Sandy Springs, GA 30342**

**Fire Marshal's Office Field  
Inspection Report**

On 06/29/2016, a(n) Annual Inspection was completed at your facility and revealed the violations listed below.

---

**Violation Codes**

---

**IFC-912.3 FDC access obstructed**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 912.3, 2012 International Fire Code

Immediate access to fire department connections shall be maintained at all times and without obstruction by fences, bushes, trees, walls or any other fixed or moveable object. Access to fire department connections shall be approved by the fire chief.

Section 912.3.2 A working space of not less than 36 inches in width, 36 inches in depth and 78 inches in height shall be provided and maintained in front of and to the sides of wall-mounted fire department connections and around the circumference of free-standing fire department connections, except as otherwise required or approved by the fire chief.

Remove shrubs

**Repaired 06/ 29/ 2016**

**IFC-605.6 Electrical junction boxes not covered**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 605.6, 2012 International Fire Code

Open junction boxes and open-wiring splices shall be prohibited. Approved covers shall be provided for all switch and electrical outlet boxes.

Multiple wires exposed

**IFC-901.4 Installation of fire protection systems**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 901.4, 2012 International Fire Code

Fire protection systems shall be maintained in accordance with the original installation standards for that system. Required systems shall be extended, altered, or augmented as necessary to maintain and continue protection whenever the building is altered, remodeled, or added to. Alterations to fire protection systems shall be done in accordance with applicable standards.

Yellow tagged

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**Nevadan Apartments - Building 05  
5501 Glenridge DR NE Building 05  
Sandy Springs, GA 30342**

**Fire Marshal's Office Field  
Inspection Report**

On 06/29/2016 , a(n) Annual Inspection was completed at your facility and revealed the violations listed below .

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**Violation Codes**

---

**ORDER TO COMPLY:** You are hereby notified to remedy the conditions stated above or show just cause why you should not be required to do so. A re-inspection to determine compliance with this Notice will be conducted in no

**less than                      30 days                      15 days                      days                      NEXT ANNUAL .**

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Every effort was made to note code violations, but this does not relieve the owner of the responsibility to comply with items missed or unknown to the inspector.

**VIOLATIONS MAY ALSO RESULT IN SEPARATE FINES BEING ASSESSED UP TO \$1,000.00 FOR EACH VIOLATION.**

---

Kearns, Leah N  
**Inspector**

X

---

**Occupant/Owner**

Thank you for your cooperation in keeping your business and our community safe! If you have any questions, please contact Sandy Springs Fire Marshal's Office.

---

Keith Sanders *Fire Chief*  
Sandy Springs Fire and Rescue  
7840 Roswell Road  
Sandy Springs, Georgia 30350  
www.sandyspringsga.org/publ ic-safety/fire-rescue



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Chris Edmondson *Deputy Fire Marshal*  
Scott McColl *Deputy Fire Marshal*  
fmoinspections@sandyspringsga.gov  
phone: (770)730-5600 fax: (770)206-4367

**Tuesday July 26, 2016**  
**Nevadan Apartments - Building 06**  
**5501 Glenridge DR NE Building 06**  
**Sandy Springs, GA 30342**

**Fire Marshal's Office Field**  
**Inspection Report**

On 06/29/2016, a(n) Annual Inspection was completed at your facility and revealed the violations listed below.

---

**Violation Codes NFPA**

---

**25-5.4.1.4 Spare sprinkler heads not available**

Recheck violation record auto-generated from ManageMyInspections.com recheck request.

Original Violation Remarks: Section 5.4.1.4, NFPA 25, 2011 edition.

A supply of spare sprinklers (never fewer than six) shall be maintained on the premises so that any sprinklers that have operated or been damaged in any way can be promptly replaced.

No heads

**Repaired 06/ 29/ 2016**

**NFPA 25-5.4.1.6 Special sprinkler wrench not available**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks : Section 5.4.1.6, NFPA 25, 2011 edition.

A special sprinkler wrench shall be provided and kept in the cabinet to be used in the removal and installation of sprinklers.  
5.4.1.6 .1 One sprinkler wrench shall be provided for each type of sprinkler installed.

No wrench

**Repaired 06/ 29/ 2016**

**IFC-509.1 Sprinkler Riser Room Signage Required**

Recheck violation record auto-generated from ManageMyinspections .com recheck request.

Original Violation Remarks : Section 509.1, 2012 International Fire Code

Fire protection equipment shall be identified in an approved manner. Rooms containing controls for air-conditioning systems, sprinkler risers and valves, or other fire detection, suppression or control elements shall be identified for the use of the fire department. Approved signs required to identify fire protection equipment and equipment location, shall be constructed of durable materials, permanently installed and readily visible.

Mark riser room

**IFC-605.1 Abatement of Electrical Hazards**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 605.1, 2012 International Fire Code

Identified electrical hazards shall be abated. Identified hazardous electrical conditions in permanent wiring shall be brought to the attention of the responsible code official. Electrical wiring, devices, appliances, and other equipment that is modified or damaged and constitutes an electrical shock or fire hazard shall not be used. Check for any exposed wiring

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Nevadan Apartments - Building 06  
5501 Glenridge DR NE Building 06  
Sandy Springs, GA 30342

Fire Marshal's Office Field  
Inspection Report

On 06/29/2016, a(n) Annual Inspection was completed at your facility and revealed the violations listed below.

---

**Violation Codes**

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**IFC-901.4 Installation of fire protection systems**

Recheck violation record auto-generated from ManageMyInspections.com recheck request.

Original Violation Remarks: Section 901.4, 2012International Fire Code

Fire protection systems shall be maintained in accordance with the original installation standards for that system. Required systems shall be extended, altered, or augmented as necessary to maintain and continue protection whenever the building is altered, remodeled, or added to. Alterations to fire protection systems shall be done in accordance with applicable standards.

No tag, exposed wiring, riser room structurally unsound( some one has backed their vehicle into the room most likely

**IFC-903.5 Sprinkler System Testing and Maintenance**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 903.5, 2012International Fire Code

Sprinkler systems shall be tested and maintained in accordance with Section 901. No tag

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**VIOLATIONS MAY ALSO RESULT IN SEPARATE FINES BEING ASSESSED UP TO \$1,000.00 FOR EACH VIOLATION.**

---

Kearns, Leah N  
Inspector

X

---

Occupant/Owner

Thank you for your cooperation in keeping your business and our community safe! f you have any questions,  
please contact Sandy Springs Fire Marshal's Office.

---

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Tuesday July 26, 2016  
Nevadan Apartments - Building 07  
5501 Glenridge DR NE Building 07  
Sandy Springs, GA 30342

**Fire Marshal's Office Field  
Inspection Report**

On 06/29/2016, a(n) Annual Inspection was completed at your facility and revealed the violations listed below.

---

**Violation Codes**

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**IFC-901.4 Installation of fire protection systems**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 901.4, 2012International Fire Code

Fire protection systems shall be maintained in accordance with the original installation standards for that system. Required systems shall be extended, altered, or augmented as necessary to maintain and continue protection whenever the building is altered, remodeled, or added to. Alterations to fire protection systems shall be done in accordance with applicable standards.

Yellow tagged, last serviced in 2015

**ORDER TO COMPLY:** You are hereby notified to remedy the conditions stated above or show just cause why you should not be required to do so. A re-inspection to determine compliance with this Notice will be conducted in no

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---

Kearns, Leah N  
**Inspector**

X

---

**Occupant/ Owner**

Thank you for your cooperation in keeping your business and our community safe! If you have any questions, please contact Sandy Springs Fire Marshal's Office.

---

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rescue



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**Tuesday July 26, 2016**  
**Nevadan Apartments - Building 08**  
**5501 Glenridge DR NE Building 08**  
**Sandy Springs, GA 30342**

**Fire Marshal's Office Field  
Inspection Report**

On 06/29/2016, a(n) Annual Inspection was completed at your facility and revealed the violations listed below.

---

**Violation Codes NFPA**

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**25-5.4.1.4 Spare sprinkler heads not available**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 5.4.1.4, NFPA 25, 2011 edition.

A supply of spare sprinklers (never fewer than six) shall be maintained on the premises so that any sprinklers that have operated or been damaged In any way can be promptly replaced.

No heads

**Repaired 06/ 29/ 2016**

**NFPA 25-5.4.1.6 Special sprinkler wrench not available**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 5.4.1.6, NFPA 25, 2011 edition.

A special sprinkler wrench shall be provided and kept in the cabinet to be used in the removal and installation of sprinklers.

5.4.1.6.1 One sprinkler wrench shall be provided for each type of sprinkler Installed.

No wrench

**Repaired 06/ 29/ 2016**

**5.9.1.4 Replace FDC plugs/caps**

NFPA

24

Recheck violation record auto-generated from ManageMyInspections.com recheck request.

Original Violation Remarks: Section 5.9.1.4, NFPA 24, 2013 edition

Fire department connections shall be equipped with listed plugs or caps that are secured and arranged for easy removal by fire departments.

Some missing

**Repaired 06/ 29/ 2016**

**IFC-901.4 Installation of fire protection systems**

5- 12- 16

Was not able to gain access to riser room, bid supervisor will provide access when I return tomorrow Recheck violation record auto-generated from ManageMyInspections.com recheck request.

Original Violation Remarks: Section 901.4, 2012International Fire Code

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Nevadan Apartments - Building 08  
5501 Glenridge DR NE Building 08  
Sandy Springs, GA 30342

Fire Marshal's Office Field  
Inspection Report

On 06/29/2016 , a(n) Annual Inspection was completed at your facility and revealed the violations listed below.

---

**Violation Codes**

---

Fire protection systems shall be maintained in accordance with the original installation standards for that system. Required systems shall be extended, altered, or augmented as necessary to maintain and continue protection whenever the building is altered, remodeled, or added to. Alterations to fire protection systems shall be done in accordance with applicable standards.

Yellow tagged some gauges at zero pressure

**ORDER TO COMPLY:** You are hereby notified to remedy the conditions stated above or show just cause why you should not be required to do so. A re-inspection to determine compliance with this Notice will be conducted in no

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---

Kearns, Leah N  
**Inspector**

X

---

**Occupant/ Owner**

Thank you for your cooperation in keeping your business and our community safe! f you have any questions,  
please contact Sandy Springs Fire Marshal's Office.

---

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Scott McColl *Deputy Fire Marshal*  
fmoinspections@sandyspringsga.gov  
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**Tuesday July 26, 2016**  
**Nevadan Apartments - Building 09**  
**5501 Glenridge DR NE**  
**Building 09**  
**Sandy Springs, GA 30342**

**Fire Marshal's Office Field**  
**Inspection Report**

On 06/29/2016, a(n) Annual inspection was completed at your facility and revealed the violations listed below.

---

**Violation Codes**

---

**IFC-901.4 Installation of fire protection systems**

Recheck violation record auto-generated from ManageMyInspections.com recheck request.

Original Violation Remarks: Section 901.4, 2012 International Fire Code

Fire protection systems shall be maintained in accordance with the original installation standards for that system. Required systems shall be extended, altered, or augmented as necessary to maintain and continue protection whenever the building is altered, remodeled, or added to. Alterations to fire protection systems shall be done in accordance with applicable standards.

Yellow tagged

**IFC-509.1 Sprinkler Riser Room Signage Required**

Recheck violation record auto-generated from ManageMyinspections.com recheck request.

Original Violation Remarks: Section 509.1, 2012 International Fire Code

Fire protection equipment shall be identified in an approved manner. Rooms containing controls for air-conditioning systems, sprinkler risers and valves, or other fire detection, suppression or control elements shall be identified for the use of the fire department. Approved signs required to identify fire protection equipment and equipment location, shall be constructed of durable materials, permanently installed and readily visible.

Mark room

---

**Nevadan Apartments - Building 09  
5501 Glenridge DR NE Building 09  
Sandy Springs, GA 30342**

**Fire Marshal's Office Field  
Inspection Report**

On 06/29/2016, a(n) Annual Inspection was completed at your facility and revealed the violations listed below.

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**Violation Codes**

---

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---

Kearns, Leah N  
**Inspector**

X

---

**Occupant/Owner**

Thank you for your cooperation in keeping your business and our community safe! If you have any questions, please contact Sandy Springs Fire Marshal's Office.

---

EXHIBIT B

[see attached]



2450 Meadowbrook Pkwy | Duluth, GA 30096  
770.506.2388 Phone | 770.506-2878 Fax  
service@centuryfp.com

Version 13.1

**INSPECTION & TEST REPORT**

<b>SITE</b>	<b>Job Number:</b>	ABS167492G	<b>BLDG:</b>	1
	<b>Facility Name:</b>	The Nevadan	<b>Insp.Type:</b>	Annual Alarm
	<b>Address:</b>	5501 Glenridge Drive NE		
	<b>City:</b>	Atlanta	<b>State:</b>	GA
	<b>Contact:</b>	Carol Hakala	<b>Zip:</b>	30342
	<b>Telephone:</b>	(404) 255-4821		
	<b>Insp. Date:</b>	7/11/2016		
	<b>Tech:</b>	Rodney Finney		

<b>CUSTOMER</b>	<b>Contact:</b>	
	<b>Billing Company:</b>	
	<b>Telephone:</b>	

<b>SYSTEM</b>	<b>Location:</b>	Center Breezeway			
<b>Manufacturer</b>	<b>Model</b>	<b>Type*</b>	<b>Protected Space</b>		<b>Panel Notes</b>
Silent Knight	5208	F/A	1	Building One	
			2		
<small>* F/A=Building Fire Alarm, HFC=HFC227ea (FM-200), I=Inergen, H=Halon 1301, E=ECARO-25, NV=Novec1230 (Sapphire), C=CO2, F=Foam, DC=Dry Chemical, P=Preaction, D=Deluge, WS=Wet Sprinkler, DS=Dry Sprinkler, AS=Air Sampling, LHD=Linear Heat Detection, GA=Gas Detection</small>					

<b>CONTROL PANEL</b>				<b>REMOTE MONITORING</b>	
<b>Panel Normal Upon Departure:</b>	Yes	<b>Load Test Pass/Fail:</b>	Pass	<b>Monitoring Co.</b>	Unifour
<b>Breaker Location:</b>	House Panel	<b>Holding Time:</b>	4.9ah	<b>Acct No:</b>	
<b>No. of Input Circuits:</b>	10	<b>Battery Size</b>	7ah	<b>Alarm Signal Rec'd</b>	Yes
<b>No. Notification Appliance Circuits:</b>	4	<b>No. of Batteries</b>	2	<b>Trouble Signal Rec'd</b>	Yes
		<b>Battery Date:</b>	10/12	<b>Supervisory Sig. Rec'd</b>	Yes

<b>NOTIFICATION APPLIANCES</b>	<b>Total Qty</b>	<b>Passed</b>	<b>Failed</b>	<b>Manuf</b>	<b>Model No.</b>
<b>Horn Strobes:</b>	16	16		Simplex, System Sensor, etc.	Mixed
<b>Strobes:</b>					
<b>Speaker Strobes:</b>					
<b>Bells</b>					
<b>Other:</b>					
<b>Other:</b>					

<i>INITIATING DEVICES</i>	<i>Total Qty</i>	<i>Passed</i>	<i>Failed</i>	<i>Manuf</i>	<i>Model No.</i>
Manual Pull Stations	16	16		Edwards	4050-001T
Smoke Detectors					
Heat Detectors					
Duct Detectors					
Waterflow Switches	3	3		Potter	VSR-SF
Tamper Switches					
Low Air Switches					
Solenoids					
Other:					
Other:					

**SYSTEM DISCREPANCIES:**      **The Nevadan**      **Building: 1**

The following discrepancies were found during our service visit. We recommend that they be corrected to ensure that your system is functioning as intended. Work to be performed by Century Fire Protection is quoted below. If you would like to authorize and schedule this work please return this page of the report with your signature and a PO or credit card number. If no quote is indicated for a line item, more information may be required. If the price is designated as "NTE" the quote is a not to exceed estimate. If further labor or materials is required to complete the repair you will be notified.

<u>Discrepancy</u>	<u>Recommendation</u>	<u>Price</u>
1. Batteries due for replacement.	Replace Batteries 12v 7ah X 2	
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____
6. _____	_____	_____
7. _____	_____	_____
8. _____	_____	_____
9. _____	_____	_____
10. _____	_____	_____
<b>TOTAL</b>		<b>\$0.00</b>

**AUTHORIZATION TO PROCEED**

*Sign below and provide a PO# OR credit card number, then fax or email this page to Century Fire at service@centuryfp.com or 770-506-2878*

Name	Signature	Date
CREDIT CARD#	Name on Card	Exp. Date      Auth. Code      OR PO NUMBER



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**INSPECTION & TEST REPORT**

<b>SITE</b>		<b>Job Number:</b> ABS167492G	<b>BLDG:</b> 2
		<b>Facility Name:</b> The Nevadan	<b>Insp.Type:</b> Annual Alarm
		<b>Address:</b> 5501 Glenridge Drive NE	<b>Insp. Date:</b> 7/11/2016
		<b>City:</b> Atlanta	<b>Tech:</b> Rodney Finney
		<b>State:</b> GA	<b>Zip:</b> 30342
		<b>Contact:</b> Carol Hakala	
		<b>Telephone:</b> (404) 255-4821	

<b>CUSTOMER</b>	<b>Contact:</b>	
	<b>Billing Company:</b>	
	<b>Telephone:</b>	

<b>SYSTEM</b>	<b>Location:</b> Center Breezeway			
Manufacturer	Model	Type*	Protected Space	Panel Notes
Silent Knight	5208	F/A	1 2	Building Two
<small>* F/A=Building Fire Alarm, HFC=HFC227ea (FM-200), I=Inergen, H=Halon 1301, E=ECARO-25, NV=Novel1230 (Sapphire), C=CO2, F=Foam, DC=Dry Chemical, P=Preaction, D=Deluge, WS=Wet Sprinkler, DS=Dry Sprinkler, AS=Air Sampling, LHD=Linear Heat Detection, GA=Gas Detection</small>				

<b>CONTROL PANEL</b>				<b>REMOTE MONITORING</b>	
<b>Panel Normal Upon Departure:</b>	Yes	<b>Load Test Pass/Fail:</b>	Pass	<b>Monitoring Co.</b>	Unifour
<b>Breaker Location:</b>	House Panel	<b>Holding Time:</b>	5.3ah	<b>Acet No:</b>	
<b>No. of Input Circuits:</b>	10	<b>Battery Size</b>	7ah	<b>Alarm Signal Rec'd</b>	Yes
<b>No. Notification Appliance Circuits:</b>	4	<b>No. of Batteries</b>	2	<b>Trouble Signal Rec'd</b>	Yes
		<b>Battery Date:</b>	2012	<b>Supervisory Sig. Rec'd</b>	Yes

<b>NOTIFICATION APPLIANCES</b>	<b>Total Qty</b>	<b>Passed</b>	<b>Failed</b>	<b>Manuf</b>	<b>Model No.</b>
<b>Horn Strobes:</b>	16	16		Simplex, System Sensor, etc.	Mixed
<b>Strobes:</b>					
<b>Speaker Strobes:</b>					
<b>Bells</b>					
<b>Other:</b>					
<b>Other:</b>					





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**INSPECTION & TEST REPORT**

<b>BLDG:</b>	<b>3</b>
<b>Insp.Type:</b>	Annual Alarm
<b>Insp. Date:</b>	7/11/2016
<b>Tech:</b>	Rodney Finney

<b>SITE</b>	<b>Job Number:</b>	ABS167492G		
	<b>Facility Name:</b>	The Nevadan		
	<b>Address:</b>	5501 Glenridge Drive NE		
	<b>Address:</b>			
	<b>City:</b>	Atlanta	<b>State:</b>	GA
	<b>Zip:</b>	30342		
	<b>Contact:</b>	Carol Hakala		
<b>Telephone:</b>	(404) 255-4821			

<b>CUSTOMER</b>	<b>Contact:</b>	
	<b>Billing Company:</b>	
	<b>Telephone:</b>	

<b>SYSTEM</b>	<b>Location:</b>				
<b>Manufacturer</b>	<b>Model</b>	<b>Type*</b>	<b>Protected Space</b>	<b>Panel Notes</b>	
Silent Knight	5208	F/A	1	Building Three	
			2		
<small>* F/A=Building Fire Alarm, HFC=HFC227ea (FM-200), I=Inergen, H=Halon 1301, E=ECARO-25, NV=Novec1230 (Sapphire), C=CO2, F= Foam, DC=Dry Chemical, P=Preaction, D=Deluge, WS=Wet Sprinkler, DS=Dry Sprinkler, AS=Air Sampling, LHD=Linear Heat Detection, GA=Gas Detection</small>					

<b>CONTROL PANEL</b>				<b>REMOTE MONITORING</b>	
<b>Panel Normal Upon Departure:</b>	Yes	<b>Load Test Pass/Fail:</b>	Pass	<b>Monitoring Co.</b>	Unifour
<b>Breaker Location:</b>	House Panel	<b>Holding Time:</b>	5.1ah	<b>Acct No:</b>	
<b>No. of Input Circuits:</b>	10	<b>Battery Size:</b>	7ah	<b>Alarm Signal Rec'd</b>	Yes
<b>No. Notification Appliance Circuits:</b>	4	<b>No. of Batteries:</b>	2	<b>Trouble Signal Rec'd</b>	Yes
		<b>Battery Date:</b>	2012	<b>Supervisory Sig. Rec'd</b>	Yes

<b>NOTIFICATION APPLIANCES</b>	<b>Total Qty</b>	<b>Passed</b>	<b>Failed</b>	<b>Manuf</b>	<b>Model No.</b>
<b>Horn Strobes:</b>	20	16	4	Simplex, System Sensor, etc.	Mixed
<b>Strobes:</b>					
<b>Speaker Strobes:</b>					
<b>Bells</b>					
<b>Other:</b>					
<b>Other:</b>					

INITIATING DEVICES		Total Qty	Passed	Failed	Manuf	Model No.
Manual Pull Stations		20	18	2	Edwards	4050-001T
Smoke Detectors						
Heat Detectors						
Duct Detectors						
Waterflow Switches		3	3		Potter	VSR-SF
Tamper Switches		1	1		Kennedy	4" Butterfly
Low Air Switches						
Solenoids						
Other:	High pressure switch	1	1		Potter	PS-40
Other:						

**SYSTEM DISCREPANCIES:**      **The Nevadan**      **Building: 3**

The following discrepancies were found during our service visit. We recommend that they be corrected to ensure that your system is functioning as intended. Work to be performed by Century Fire Protection is quoted below. If you would like to authorize and schedule this work please return this page of the report with your signature and a PO or credit card number. If no quote is indicated for a line item, more information may be required. If the price is designated as "NTE" the quote is a not to exceed estimate. If further labor or materials is required to complete the repair you will be notified.

Discrepancy	Recommendation	Price
1. Horn strobes near units 322, 339, 362, 370 failed.	Replace with 4 new horn strobes.	
2. Pull stations near units 326, 330 are missing.	Install 2 new conventional pull stations. Wires are intact.	
3.		
4. Batteries due for replacement.	Replace Batteries 12v 7ah X 2	
5.		
6.		
7.		
8.		
9.		
10.		
<b>TOTAL</b>		<b>\$0.00</b>

**AUTHORIZATION TO PROCEED**

*Sign below and provide a PO# OR credit card number, then fax or email this page to Century Fire at service@centuryfp.com or 770-506-2878*

---

Name \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

---

CREDIT CARD# \_\_\_\_\_ Name on Card \_\_\_\_\_ Exp. Date \_\_\_\_\_ Auth. Code \_\_\_\_\_ OR PO NUMBER \_\_\_\_\_



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**INSPECTION & TEST REPORT**

<b>SITE</b>	<b>Job Number:</b>	ABS167492G	<b>BLDG:</b>	4
	<b>Facility Name:</b>	The Nevadan	<b>Insp.Type:</b>	Annual Alarm
	<b>Address:</b>	5501 Glenridge Drive NE	<b>Insp. Date:</b>	7/11/2016
	<b>Address:</b>		<b>Tech:</b>	Rodney Finney
	<b>City:</b>	Atlanta	<b>State:</b>	GA
	<b>Contact:</b>	Carol Hakala	<b>Zip:</b>	30342
	<b>Telephone:</b>	(404) 255-4821		

<b>CUSTOMER</b>	<b>Contact:</b>	
	<b>Billing Company:</b>	
	<b>Telephone:</b>	

<b>SYSTEM</b>	<b>Location:</b>	Center Breezeway		
<b>Manufacturer</b>	<b>Model</b>	<b>Type*</b>	<b>Protected Space</b>	<b>Panel Notes</b>
Firelite	MS-5UD-3	F/A	1 Building Four	
			2	

\* F/A=Building Fire Alarm, HFC=HFC227ea (FM-200), I=Inergen, H=Halon 1301, E=ECARO-25, NV=Novec1230 (Sapphire), C=CO2, F= Foam, DC=Dry Chemical, P=Preaction, D=Deluge, WS=Wet Sprinkler, DS=Dry Sprinkler, AS=Air Sampling, LHD=Linear Heat Detection, GA=Gas Detection

<b>CONTROL PANEL</b>				<b>REMOTE MONITORING</b>	
<b>Panel Normal Upon Departure:</b>	Yes	<b>Load Test Pass/Fail:</b>	Pass	<b>Monitoring Co.</b>	Unifour
<b>Breaker Location:</b>	House Panel	<b>Holding Time:</b>	5.5ah	<b>Acct No:</b>	
<b>No. of Input Circuits:</b>	5	<b>Battery Size</b>	7ah	<b>Alarm Signal Rec'd</b>	Yes
<b>No. Notification Appliance Circuits:</b>	2	<b>No. of Batteries</b>	2	<b>Trouble Signal Rec'd</b>	Yes
		<b>Battery Date:</b>	2012	<b>Supervisory Sig. Rec'd</b>	Yes

<b>NOTIFICATION APPLIANCES</b>	<b>Total Qty</b>	<b>Passed</b>	<b>Failed</b>	<b>Manuf</b>	<b>Model No.</b>
<b>Horn Strobes:</b>	15	14	1	Simplex, System Sensor, etc.	Mixed
<b>Strobes:</b>					
<b>Speaker Strobes:</b>					
<b>Bells</b>					
<b>Other:</b>					
<b>Other:</b>					





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**INSPECTION & TEST REPORT**

		<b>BLDG:</b>	5			
		<b>Insp.Type:</b>	Annual Alarm			
<b>SITE</b>	<b>Job Number:</b>	ABS167492G		<b>Insp. Date:</b>	7/11/2016	
	<b>Facility Name:</b>	The Nevadan		<b>Tech:</b>	Rodney Finney	
	<b>Address:</b>	5501 Glenridge Drive NE				
	<b>Address:</b>					
	<b>City:</b>	Atlanta	<b>State:</b>	GA	<b>Zip:</b>	30342
	<b>Contact:</b>	Carol Hakala				
	<b>Telephone:</b>	(404) 255-4821				

<b>CUSTOMER</b>	<b>Contact:</b>	
	<b>Billing Company:</b>	
	<b>Telephone:</b>	

<b>SYSTEM</b>	<b>Location:</b>	Center Breezeway			
Manufacturer	Model	Type*	Protected Space		Panel Notes
Firelite	MS-5UD-3	F/A	1	Building Five	
			2		
<small>* F/A=Building Fire Alarm, HFC=HFC227ea (FM-200), I=Inergen, H=Halon 1301, E=ECARO-25, NV=Novel1230 (Sapphire), C=CO2, F=Foam, DC=Dry Chemical, P=Preaction, D=Deluge, WS=Wet Sprinkler, DS=Dry Sprinkler, AS=Air Sampling, LHD=Linear Heat Detection, GA=Gas Detection</small>					

<b>CONTROL PANEL</b>				<b>REMOTE MONITORING</b>	
<b>Panel Normal Upon Departure:</b>	Yes	<b>Load Test Pass/Fail:</b>	Pass	<b>Monitoring Co.</b>	Unifour
<b>Breaker Location:</b>	House Panel	<b>Holding Time:</b>	5.2ah	<b>Acet No:</b>	
<b>No. of Input Circuits:</b>	5	<b>Battery Size</b>	7ah	<b>Alarm Signal Rec'd</b>	Yes
<b>No. Notification Appliance Circuits:</b>	2	<b>No. of Batteries</b>	2	<b>Trouble Signal Rec'd</b>	Yes
		<b>Battery Date:</b>	2012	<b>Supervisory Sig. Rec'd</b>	Yes

<b>NOTIFICATION APPLIANCES</b>	<i>Total Qty</i>	<i>Passed</i>	<i>Failed</i>	<i>Manuf</i>	<i>Model No.</i>
<b>Horn Strobes:</b>	12	12		Simplex, System Sensor, etc.	Mixed
<b>Strobes:</b>					
<b>Speaker Strobes:</b>					
<b>Bells</b>					
<b>Other:</b>					
<b>Other:</b>					





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**INSPECTION & TEST REPORT**

		<b>BLDG:</b> 6
		<b>Insp.Type:</b> Annual Alarm
<b>SITE</b>	<b>Job Number:</b>	ABS167492G
	<b>Facility Name:</b>	The Nevadan
	<b>Address:</b>	5501 Glenridge Drive NE
	<b>Address:</b>	
	<b>City:</b>	Atlanta
	<b>Contact:</b>	Carol Hakala
	<b>State:</b> GA	<b>Zip:</b> 30342
	<b>Telephone:</b>	(404) 255-4821

<b>CUSTOMER</b>	<b>Contact:</b>	
	<b>Billing Company:</b>	
	<b>Telephone:</b>	

<b>SYSTEM</b>	<b>Location:</b>	Center Breezeway			
<b>Manufacturer</b>	<b>Model</b>	<b>Type*</b>	<b>Protected Space</b>		<b>Panel Notes</b>
Silent Knight	5208	F/A	1	Building Six	
			2		
<small>* F/A=Building Fire Alarm, HFC=HFC227ea (FM-200), I=Inergen, H=Halon 1301, E=ECARO-25, NV=Novel1230 (Sapphire), C=CO2, F=Foam, DC=Dry Chemical, P=Preaction, D=Deluge, WS=Wet Sprinkler, DS=Dry Sprinkler, AS=Air Sampling, LHD=Linear Heat Detection, GA=Gas Detection</small>					

<b>CONTROL PANEL</b>				<b>REMOTE MONITORING</b>	
<b>Panel Normal Upon Departure:</b>	Yes	<b>Load Test Pass/Fail:</b>	Pass	<b>Monitoring Co.</b>	Unifour
<b>Breaker Location:</b>	House Panel	<b>Holding Time:</b>	4.9ah	<b>Acet No:</b>	
<b>No. of Input Circuits:</b>	10	<b>Battery Size</b>	5ah	<b>Alarm Signal Rec'd</b>	Yes
<b>No. Notification Appliance Circuits:</b>	4	<b>No. of Batteries</b>	2	<b>Trouble Signal Rec'd</b>	Yes
		<b>Battery Date:</b>	2012	<b>Supervisory Sig. Rec'd</b>	Yes

<b>NOTIFICATION APPLIANCES</b>	<b>Total Qty</b>	<b>Passed</b>	<b>Failed</b>	<b>Manuf</b>	<b>Model No.</b>
<b>Horn Strobes:</b>	15	15		Simplex, System Sensor, etc.	Mixed
<b>Strobes:</b>					
<b>Speaker Strobes:</b>					
<b>Bells</b>					
<b>Other:</b>					
<b>Other:</b>					

INITIATING DEVICES		Total Qty	Passed	Failed	Manuf	Model No.
Manual Pull Stations		15	15		Edwards	4050-001T
Smoke Detectors						
Heat Detectors						
Duct Detectors						
Waterflow Switches		2	2		Potter	VSR-SF
Tamper Switches		1		1	Kennedy	4" Butterfly
Low Air Switches						
Solenoids						
Other:	High Pressure Switch	1		1	Potter	PS-40
Other:						

**SYSTEM DISCREPANCIES:**      **The Nevadan**      **Building: 6**

The following discrepancies were found during our service visit. We recommend that they be corrected to ensure that your system is functioning as intended. Work to be performed by Century Fire Protection is quoted below. If you would like to authorize and schedule this work please return this page of the report with your signature and a PO or credit card number. If no quote is indicated for a line item, more information may be required. If the price is designated as "NTE" the quote is a not to exceed estimate. If further labor or materials is required to complete the repair you will be notified.

<u>Discrepancy</u>	<u>Recommendation</u>	<u>Price</u>
1. High pressure switch failed to activate.	Replace with 1 new pressure switch.	
2. Tamper valve is disconnected.	Replace with 1 new 4" tamper valve, rewire.	
3. _____	_____	_____
4. Batteries due for replacement.	Replace Batteries 12v 7ah X 2	
5. _____	_____	_____
6. _____	_____	_____
7. _____	_____	_____
8. _____	_____	_____
9. _____	_____	_____
10. _____	_____	_____
<b>TOTAL</b>		<b>\$0.00</b>

**AUTHORIZATION TO PROCEED**

*Sign below and provide a PO# OR credit card number, then fax or email this page to Century Fire at service@centuryfp.com or 770-506-2878*

---

Name \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

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CREDIT CARD# \_\_\_\_\_ Name on Card \_\_\_\_\_ Exp. Date \_\_\_\_\_ Auth. Code \_\_\_\_\_ OR PO NUMBER \_\_\_\_\_



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**INSPECTION & TEST REPORT**

<b>SITE</b>		<b>Job Number:</b> ABS167492G	<b>BLDG:</b> 7
		<b>Facility Name:</b> The Nevadan	<b>Insp.Type:</b> Annual Alarm
		<b>Address:</b> 5501 Glenridge Drive NE	<b>Insp. Date:</b> 7/11/2016
		<b>City:</b> Atlanta	<b>Tech:</b> Rodney Finney
		<b>State:</b> GA	<b>Zip:</b> 30342
		<b>Contact:</b> Carol Hakala	
		<b>Telephone:</b> (404) 255-4821	

<b>CUSTOMER</b>	<b>Contact:</b>	
	<b>Billing Company:</b>	
	<b>Telephone:</b>	

<b>SYSTEM</b>	<b>Location:</b> Center Breezeway			
Manufacturer	Model	Type*	Protected Space	Panel Notes
Silent Knight	5207	F/A	1 Building Seven	
			2	

\* F/A=Building Fire Alarm, HFC=HFC227ea (FM-200), I=Inergen, H=Halon 1301, E=ECARO-25, NV=Novect1230 (Sapphire), C=CO2, F=Foam, DC=Dry Chemical, P=Preaction, D=Deluge, WS=Wet Sprinkler, DS=Dry Sprinkler, AS=Air Sampling, LHD=Linear Heat Detection, GA=Gas Detection

CONTROL PANEL				REMOTE MONITORING	
<b>Panel Normal Upon Departure:</b>	Yes	<b>Load Test Pass/Fail:</b>	Pass	<b>Monitoring Co.</b>	Unifour
<b>Breaker Location:</b>	House Panel	<b>Holding Time:</b>	6.1ah	<b>Acet No:</b>	
<b>No. of Input Circuits:</b>	10	<b>Battery Size</b>	7ah	<b>Alarm Signal Rec'd</b>	Yes
<b>No. Notification Appliance Circuits:</b>	4	<b>No. of Batteries</b>	2	<b>Trouble Signal Rec'd</b>	Yes
		<b>Battery Date:</b>	11/12	<b>Supervisory Sig. Rec'd</b>	Yes

NOTIFICATION APPLIANCES	Total Qty	Passed	Failed	Manuf	Model No.
<b>Horn Strobes:</b>	12	7	5	Simplex, System Sensor, etc.	Mixed
<b>Strobes:</b>					
<b>Speaker Strobes:</b>					
<b>Bells</b>					
<b>Other:</b>					
<b>Other:</b>					





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**INSPECTION & TEST REPORT**

		<b>BLDG:</b>	8			
		<b>Insp.Type:</b>	Annual Alarm			
<b>SITE</b>	<b>Job Number:</b>	ABS167492G		<b>Insp. Date:</b>	7/11/2016	
	<b>Facility Name:</b>	The Nevadan		<b>Tech:</b>	Rodney Finney	
	<b>Address:</b>	5501 Glenridge Drive NE				
	<b>Address:</b>					
	<b>City:</b>	Atlanta	<b>State:</b>	GA	<b>Zip:</b>	30342
	<b>Contact:</b>	Carol Hakala				
	<b>Telephone:</b>	(404) 255-4821				

<b>CUSTOMER</b>	<b>Contact:</b>	
	<b>Billing Company:</b>	
	<b>Telephone:</b>	

<b>SYSTEM</b>	<b>Location:</b>	Left Brezeway			
Manufacturer	Model	Type*	Protected Space		Panel Notes
Firelite	MS-5UD-3	F/A	1	Building Eight	
			2		
<small>* F/A=Building Fire Alarm, HFC=HFC227ea (FM-200), I=Inergen, H=Halon 1301, E=ECARO-25, NV=Novect1230 (Sapphire), C=CO2, F=Foam, DC=Dry Chemical, P=Preaction, D=Deluge, WS=Wet Sprinkler, DS=Dry Sprinkler, AS=Air Sampling, LHD=Linear Heat Detection, GA=Gas Detection</small>					

<b>CONTROL PANEL</b>				<b>REMOTE MONITORING</b>	
<b>Panel Normal Upon Departure:</b>	Yes	<b>Load Test Pass/Fail:</b>	Fail	<b>Monitoring Co.</b>	Unifour
<b>Breaker Location:</b>	House Panel	<b>Holding Time:</b>	5.2ah	<b>Acet No:</b>	
<b>No. of Input Circuits:</b>	5	<b>Battery Size</b>	5ah	<b>Alarm Signal Rec'd</b>	Yes
<b>No. Notification Appliance Circuits:</b>	2	<b>No. of Batteries</b>	2	<b>Trouble Signal Rec'd</b>	Yes
		<b>Battery Date:</b>	2012	<b>Supervisory Sig. Rec'd</b>	Yes

<b>NOTIFICATION APPLIANCES</b>	<b>Total Qty</b>	<b>Passed</b>	<b>Failed</b>	<b>Manuf</b>	<b>Model No.</b>
<b>Horn Strobes:</b>	10	10		Simplex, System Sensor, etc.	Mixed
<b>Strobes:</b>					
<b>Speaker Strobes:</b>					
<b>Bells</b>					
<b>Other:</b>					
<b>Other:</b>					





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**INSPECTION & TEST REPORT**

<b>SITE</b>		<b>Job Number:</b> ABS167492G	<b>BLDG:</b> 9
<b>Facility Name:</b> The Nevadan		<b>Insp.Type:</b> Annual Alarm	
<b>Address:</b> 5501 Glenridge Drive NE		<b>Insp. Date:</b> 7/11/2016	
<b>City:</b> Atlanta		<b>Tech:</b> Rodney Finney	
<b>State:</b> GA			
<b>Zip:</b> 30342			
<b>Contact:</b> Carol Hakala			
<b>Telephone:</b> (404) 255-4821			

<b>CUSTOMER</b>	<b>Contact:</b>	
	<b>Billing Company:</b>	
	<b>Telephone:</b>	

<b>SYSTEM</b>	<b>Location:</b>				
Manufacturer	Model	Type*	Protected Space		Panel Notes
Firelite	MS-9200 UDLS	F/A	1	Building Nine	
			2		

\* F/A=Building Fire Alarm, HFC=HFC227ea (FM-200), I=Inergen, H=Halon 1301, E=ECARO-25, NV=Novect1230 (Sapphire), C=CO2, F=Foam, DC=Dry Chemical, P=Preaction, D=Deluge, WS=Wet Sprinkler, DS=Dry Sprinkler, AS=Air Sampling, LHD=Linear Heat Detection, GA=Gas Detection

<b>CONTROL PANEL</b>				<b>REMOTE MONITORING</b>	
<b>Panel Normal Upon Departure:</b>	Yes	<b>Load Test Pass/Fail:</b>	Pass	<b>Monitoring Co.</b>	Unifour
<b>Breaker Location:</b>	House Panel	<b>Holding Time:</b>	6.5ah	<b>Acet No:</b>	
<b>No. of Input Circuits:</b>	10	<b>Battery Size:</b>	7ah	<b>Alarm Signal Rec'd</b>	Yes
<b>No. Notification Appliance Circuits:</b>	4	<b>No. of Batteries:</b>	2	<b>Trouble Signal Rec'd</b>	Yes
		<b>Battery Date:</b>	N/A	<b>Supervisory Sig. Rec'd</b>	Yes

<b>NOTIFICATION APPLIANCES</b>	<b>Total Qty</b>	<b>Passed</b>	<b>Failed</b>	<b>Manuf</b>	<b>Model No.</b>
<b>Horn Strobes:</b>	20	20		Simplex, System Sensor, etc.	Mixed
<b>Strobes:</b>					
<b>Speaker Strobes:</b>					
<b>Bells</b>					
<b>Other:</b>					
<b>Other:</b>					







2450 Meadowbrook Pkwy  
Duluth, GA 30096  
Office: 770-506-2388  
Fax: 770-506-2878

## Report of Inspection / Test

### Inspected Site

Nevadan Apartments  
5501 Glenridge Dr.

Atlanta GA 30342  
Ebony Jackson

**07/12/16**

**Inspection Reference #: ABS167492G Conducted**

**by: Jay Zellars**

**License #: 2169B**

**Permit #: 3738X**

### Property Systems Summary

	<b>Total</b>	<b>Compliant</b>	<b>Noncompliant</b>
Fire Extinguishers	134	37	97
Exit/Emergency Lights			
Range Hood Suppression System			
Dry Chemical Suppression System			

### Prepared For Nevadan

Apartments 5501  
Glenridge Dr.

Atlanta GA 30342

404-255-4821

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# Report of Inspection

**Fire Extinguisher**  
Date: 7/12/2016

**Annual**



2450 Meadowbrook Pkwy  
Duluth, GA 30096  
Office: 770-506-2388  
Fax: 770-506-2878

**Inspection Site**

**Customer**

*Nevadan Apartments*  
5501 Glenridge Dr.

*Nevadan Apartments*  
5501 Glenridge Dr.

Atlanta GA 30342

Atlanta GA 30342

Eboni Jackson

404-255-4821

Conducted by: Jay Zellars  
Inspection reference: ABS167492G

## Signatures

Inspector / Permit Jay Zellars 3738X	Inspector - Signature <i>J. Zellars</i>	Date: 7/12/2016 Time: 12:00pm	I state the information on this form is correct at the time and place of my inspection, and that all equipment tested at this time was left in operational condition upon completion of this inspection except as noted.
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## Fire Extinguisher Inspection

Item / Unit #	Location	Manuf	Manuf Date	Size	Type	Serial	Due Dates		Additional Services Due				
							Hydro	6 Yr	Rechg	Bracket	Hose	Gauge	No Access
1	Leasing Office	Buckeye	2010	5	ABC	268228	2022	Fail					
2	Clubhouse	Badger	2011	5	ABC	540708	2023	2017	Pass	Pass	Pass	Pass	
3	Fitness Center Hall					Missing							
4	Kitchen	Buckeye	2010	5	ABC	268142	2022	Fail					
5	102	Buckeye	2011	5	ABC	198658	2023	2029	Pass	Pass	Pass	Pass	
6	106	Badger	2015	5	ABC	97292726	2027	2021	Pass	Pass	Pass	Pass	
7	110	Buckeye	2010	5	ABC	268138	2022	Fail					
8	114	Badger	2011	5	ABC	289062	2023	2017	Pass	Pass	Pass	Pass	
9	122	Buckeye	2010	5	ABC	268132	2022	Fail					CV
10	128	Badger	2015	5	ABC	97292728	2027	2021	Pass	Pass	Pass	Pass	
11	134	Buckeye	2010	5	ABC	268115	2022	Fail					CV
12	140	Buckeye	2010	5	ABC	268134	2022	Fail					
13	142	Buckeye	2010	5	ABC	268124	2022	Fail					CV
14	146	Buckeye	2010	5	ABC	268122	2022	Fail					
15	150	Buckeye	2010	5	ABC	268120	2022	Fail					
16	154	Buckeye	2010	5	ABC	268127	2022	Fail					
17	158	Buckeye	2008	5	ABC	904072	2020	2026	Pass	Pass	Pass	Pass	CV
18	162	Buckeye	2008	5	ABC	981819	2020	2026	Pass	Pass	Pass	Pass	
19	166	Buckeye	2010	5	ABC	268141	2022	Fail					
20	170	Buckeye	2010	5	ABC	268121	2022	Fail					
21	202	Buckeye	2010	5	ABC	268169	2022	Fail					
22	206	Badger	2015	5	ABC	972927	2027	2021	Pass	Pass	Pass	Pass	
23	210	Buckeye	2010	5	ABC	268193	2022	Fail					M1JR & lock
24	214	Buckeye	2010	5	ABC	268188	2022	Fail					
25	218	Buckeye	2010	5	ABC	268197	2022	Fail					
26	222	Buckeye	2010	5	ABC	268296	2022	Fail					CV & M1JR
27	226	Buckeye	2010	5	ABC	268208	2022	Fail					
28	230	Buckeye	2010	5	ABC	268198	2022	Fail					



<b>Fire Extinguisher Inspection</b>							<b>Century Fire Protection, LLC</b>						
Item / Unit #	Location	Manuf	Manuf Date	Size	Type	Serial	Due Dates		Additional Services Due				
							Hydro	6 Yr	Rechg	Bracket	Hose	Gauge	No access
29	236	Buckeye	2010	5	ABC	268207	2022	Fail					
30	240	Buckeye	2010	5	ABC	268158	2022	Fail					CV
31	244	Buckeye	2010	5	ABC	268209	2022	Fail					
32	248	Buckeye	2010	5	ABC	268195	2022	Fail					
33	250	Kidde	2007	5	ABC	936579	2019	2025	Pass	Pass	Pass	Pass	
34	254	Buckeye	2010	5	ABC	268170	2022	Fail					CV
35	262	Buckeye	2010	5	ABC	268175	2022	Fail					
36	Bldg 3 Garage	Amerex	2015	10	ABC	22980	2027	2021	Pass	Pass	Pass	Pass	
37	Bldg 3 Garage	Amerex	2015	10	ABC	281877	2027	2021	Pass	Pass	Pass	Pass	
38	Bldg 3 Garage	Badger	2015	10	ABC	777907	2027	2021	Pass	Pass	Pass	Pass	
39	302	Badger	2015	5	ABC	97292703	2027	2021	Pass	Pass	Pass	Pass	
40	310	Buckeye	2010	5	ABC	268119	2002	Fail					
41	314	Kidde	2007	5	ABC	415202	2019	2025	Pass	Pass	Pass	Pass	
42	318	Buckeye	2010	5	ABC	268187	2022	Fail					
43	322	Kidde	2006	5	ABC	673235	2018	2024	Pass	Pass	Pass	Pass	CV
44	326	Buckeye	2010	5	ABC	268177	2022	Fail					CV & M1JR
45	330	Buckeye	2010	5	ABC	268184	2022	Fail					CV
46	333	Buckeye	2010	5	ABC	268173	2022	Fail					
47	339	Buckeye	2010	5	ABC	268171	2022	Fail					
48	351	Buckeye	2010	5	ABC	268189	2022	Fail					
49	358	Buckeye	2010	5	ABC	268244	2022	Fail					
50	362	Buckeye	2010	5	ABC	268252	2022	Fail					CV
51	366	Buckeye	2010	5	ABC	268245	2022	Fail					CV
52	371	Ansul	2006	5	ABC	992593	2018	2024	Pass	Pass	Pass	Pass	
53	402	Buckeye	2012	5	ABC	466270	2024	2018	Pass	Pass	Pass	Pass	
54	404	Buckeye	2012	5	ABC	466066	2024	2018	Pass	Pass	Pass	Pass	
55	406	Buckeye	2012	5	ABC	466277	2024	2018	Pass	Pass	Pass	Pass	
56	408	Buckeye	2012	5	ABC	466266	2024	2018	Pass	Pass	Pass	Pass	
57	414	Buckeye	2010	5	ABC	268232	2022	Fail					
58	418	Buckeye	2010	5	ABC	268235	2022	Fail					
59	422	Buckeye	2010	5	ABC	268200	2022	Fail					
60	425	Buckeye	2010	5	ABC	268181	2022	Fail					Lock
61	431	Buckeye	2010	5	ABC	268185	2022	Fail					CV
62	435	Buckeye	2010	5	ABC	268182	2022	Fail					
63	439	Buckeye	2010	5	ABC	268183	2022	Fail					CV
64	Bldg 4 Garage	Buckeye	2009	10	ABC	802520	2021	2027	Pass	Pass	Pass	Pass	
65	Bldg 4 Garage	Buckeye	2008	10	ABC	78591	2020	2026	Pass	Pass	Pass	Pass	
66	Bldg 4 Garage	Amerex	2009	10	ABC	466556	2021	2027	Pass	Pass	Pass	Pass	
67	502	Buckeye	2010	5	ABC	268246	2022	Fail					
68	506	Buckeye	2010	5	ABC	268251	2022	Fail					



<b>Fire Extinguisher Inspection</b>							<b>Century Fire Protection, LLC</b>						
Item / Unit #	Location	Manuf	Manuf Date	Size	Type	Serial	Due Dates		Additional Services Due				
							Hydro	6 Yr	Rechg	Bracket	Hose	Gauge	No access
69	510	Buckeye	2010	5	ABC	268248	2022	Fail					CV & M1JR
70	514	Buckeye	2010	5	ABC	268163	2022	Fail					
71	518	Kidde	2003	5	ABC	155963	Fail	N/A					CV
72	521	Buckeye	2010	5	ABC	268148	2022	Fail					CV
73	525	Buckeye	2010	5	ABC	268149	2022	Fail					CV
74	529	Buckeye	2010	5	ABC	268152	2022	Fail					
75	534	Buckeye	2010	5	ABC	268219	2022	Fail					
76	538	Buckeye	2010	5	ABC	268144	2022	Fail					CV
77	542	Buckeye	2010	5	ABC	268164	2022	Fail					
78	546	Buckeye	2010	5	ABC	268256	2022	Fail					
79	602	Buckeye	2010	5	ABC	268238	2022	Fail					
80	606	Kidde	2011	5	ABC	382352	2023	2017	Pass	Pass	Pass	Pass	
81	610	Buckeye	2010	5	ABC	268179	2022	Fail					
82	614	Buckeye	2010	5	ABC	268180	2022	Fail					
83	618	Buckeye	2010	5	ABC	268154	2022	Fail					
84	624	Buckeye	2010	5	ABC	268143	2022	Fail					
85	628	Buckeye	2010	5	ABC	268052	2022	Fail					CV
86	632	Buckeye	2008	5	ABC	978569	2020	2026	X				CV
87	634	Buckeye	2010	5	ABC	268082	2022	Fail					
88	638	Buckeye	2010	5	ABC	268250	2022	Fail					CV
89	642	Buckeye	2010	5	ABC	268247	2022	Fail					
90	646	Buckeye	2010	5	ABC	268249	2022	Fail					
91	Bldg 6 Garage	Badger	2015	10	ABC	96148853	2027	2021	Pass	Pass	Pass	Pass	
92	Bldg 6 Garage	Badger	2015	10	ABC	96148860	2027	2021	Pass	Pass	Pass	Pass	
93	Bldg 6 Garage	Amerex	2009	10	ABC	467637	2021	2027	Pass	Pass	Pass	Pass	
94	702	Buckeye	2010	5	ABC	268178	2022	Fail					
95	706	Badger	2012	5	ABC	935520	2024	2018	Pass	Pass	Pass	Pass	
96	710	Buckeye	2010	5	ABC	268159	2020	Fail					
97	714	Buckeye	2013	5	ABC	704246	2025	2019	Pass	Pass	Pass	Pass	
98	718	Buckeye	2010	5	ABC	268136	2022	Fail					
99	722	Buckeye	2010	5	ABC	268202	2022	Fail					
100	727	Buckeye	2010	5	ABC	268160	2022	Fail					CV & M1JR
101	731	Buckeye	2010	5	ABC	268153	2022	Fail					
102	734	Buckeye	2010	5	ABC	268239	2022	Fail					
103	736	Buckeye	2010	5	ABC	268191	2022	Fail					
104	738	Buckeye	2010	5	ABC	268161	2022	Fail					CV
105	740	Buckeye	2010	5	ABC	268125	2022	Fail					CV & M1JR
106	902	Buckeye	2010	5	ABC	268227	2022	Fail					
107	906	Badger	2013	5	ABC	782041	2025	2019	Pass	Pass	Pass	Pass	
108	910	Buckeye	2010	5	ABC	268211	2020	Fail					









2450 Meadowbrook Pkwy  
Duluth GA, 30096 Office:  
770-506-2388

### Report of Inspection / Test

**Inspected Site**

Nevadan Apartments		
5501 Glenridge Drive NE		
Atlanta	GA	30342
Contact Phone		

**Date**  
**Inspection Reference #**  
**Conducted by:**  
**License #:**

July 10, 2016
ABS167492G
Kevin Harvey
IL:000754

**Inspection Frequency**  
**Wet Sprinkler Systems**  
**Dry Sprinkler Systems**  
**Antifreeze Sprinkler Systems**  
**Fire Hydrants**  
**Fire Pump Electric**  
**Fire Pump Diesel**  
**Backflows**

**Systems Inspected**

Annual
16
5
7
2

**Prepared For**

The Nevadan Apartments		
5501 Glenridge Drive NE		
Atlanta	GA	30342
(404) 255-4821		



*Sprinklers*



*Alarms*



*Extinguisher*



*Suppression*

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**Report of Inspection / Test****Fire Sprinkler Inspection**

July 10, 2016


 2450 Meadowbrook Pkwy  
 Duluth GA, 30096  
 Office: 770-506-2388
**Inspection Site**
 Nevadan Apartments  
 5501 Glenridge Drive NE
**Customer**
 The Nevadan Apartments  
 5501 Glenridge Drive NE

 Atlanta GA 30342  
 Contact Phone

 Atlanta GA 30342  
 (404) 255-4821

 Conducted by: Kevin Harvey  
 Inspection reference: ABS167492G
**Signatures**

Inspector / License Kevin Harvey IL:000754	Inspector - Signature	Date: 7/10/16 Time:	I state the information on this form is correct at the time and place of my inspection, and that all equipment tested at this time was left in operational condition upon completion of this inspection except as noted.
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**Owner's Section**

Has the occupancy classification and hazard of contents remained the same since last inspection?	Yes	Was the system free of actuation of devices or alarms since the last inspection?	No
Are all fire protection systems in service?	Yes	Has an internal inspection been performed within the past 5 years?	No
Has the system remained in service without modification since the last inspection?	No		
Owner Printed Name	Owner - Signature	Date: 7/10/16 Time:	

**Water Based System Inspection**

Gauges on wet pipe system in good condition and showing normal water supply pressure	Yes	Alarm devices free from physical damage?	Yes
Hydraulic nameplate, if provided, securely attached to the riser and legible?	No	Valve supervisory switches indicate movement?	Yes

**Fire Department Connection**

Visible and accessible?	No	Couplings and swivels not damaged and rotate smoothly?	No
Plugs and caps in place?	Yes	Gaskets in place and in good condition?	Yes
Identification Sign(s) in place?	Yes	Check Valve is not leaking?	Yes
Automatic drain valve in place and operating properly?	Yes	Interior free of obstruction if caps are not in place?	Yes
Valve clapper operational over its full range	Yes		

**Pipe**

Free from external corrosion?	No	Free of mechanical damage and not leaking?	No
Free from external loads?	No	Visible pipe hangers and seismic braces not damaged or loose?	No
Was an obstruction investigation conducted and the system flushed?	No		

**Sprinklers**

Spare Sprinkler box installed with Spare heads and Spare head wrench?	No	Proper number and type of spare sprinklers?	No
Free from corrosion?	No	Free of obstruction to spray pattern?	Yes
Free of foreign materials including paint?	No	Free of physical damage?	No
Are all sprinklers in service dated 1920 or later?	Yes	Fast response sprinklers in service for less than 20 years? If (NO) test sample now and every 10 years.	Yes
Are standard sprinklers less than 50 years old? If (NO) test sample required now and every 10 years	Yes	Dry Type sprinklers in service for less than 10 years? If (NO) test sample required now and every 10 years	No
Fire Sprinkler in proper orientation?	No		

**Gauges**

Are gauges less than 5 years old?	No		
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**Cold Weather Check**

Are areas covered by wet systems adequately heated at time of inspection?	Yes	Specific gravity of antifreeze correct? (Antifreeze systems only)	N/A
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<i>Flow Test</i>	System ID	Connection Flowed	Outlet Size	Static PSI	Residual PSI	Static PSI After Test	Results comparable to prior year?	Tag Color
	Bldg 9	Main Drain	1	90	55	90	Yes	Yellow

---

<b>Location</b>	Parking area lock up						System Density:		N/A	
<b>Control Valve</b>	Valve Type	Size	Secured	Valve Seal #	Open	Accessible	Signs	Excs	Tamper	Alarm
	Gate Valve	1.5 in	Pass		Pass	Pass	Pass	Pass	Fail - Electric Tamper -	Pass - Electric Alarm -
<b>Flow Test</b>	System ID	Connection	Flowed	Outlet Size	Static PSI	Residual PSI	Static PSI After Test	Results comparable to prior year?		Tag Color
	Bldg 7	Main Drain		L	NA	NA	NA	NA		Yellow

<b>Location</b>	Parking area lock up						System Density:		N/A	
<b>Control Valve</b>	Valve Type	Size	Secured	Valve Seal #	Open	Accessible	Signs	Excs	Tamper	Alarm
	Gate Valve	1.5 in	Pass		Pass	Pass	Pass	Pass	Fail - Electric Tamper -	Pass - Electric Alarm -
<b>Flow Test</b>	System ID	Connection	Flowed	Outlet Size	Static PSI	Residual PSI	Static PSI After Test	Results comparable to prior year?		Tag Color
	BLDG 7	Main Drain		L	75	55	65	Yes		Yellow

<b>Location</b>	Parking area lock up						System Density:		N/A	
<b>Control Valve</b>	Valve Type	Size	Secured	Valve Seal #	Open	Accessible	Signs	Excs	Tamper	Alarm
	Gate Valve	1.5 in	Pass		Pass	Pass	Fail	Pass	Pass - Electric Tamper -	Pass - Electric Alarm -
<b>Flow Test</b>	System ID	Connection	Flowed	Outlet Size	Static PSI	Residual PSI	Static PSI After Test	Results comparable to prior year?		Tag Color
	Bldg 8	Main Drain		L	90	55	90	Yes		Yellow



**Report of Inspection / Test**

**Fire Sprinkler Inspection**

July 10, 2016



2450 Meadowbrook Pkwy  
Duluth GA, 30096  
Office: 770-506-2388

**Inspection Site**

**Nevadan Apartments**  
5501 Glenridge Drive NE

Atlanta GA 30342

Contact Phone

**Customer**

**The Nevadan Apartments**  
5501 Glenridge Drive NE

Atlanta GA 30342

(404) 255-4821

Conducted by: Kevin Harvey  
Inspection reference: ABS167492G

**Property Info Sheet**

Number of units:	498	Pipe Type:	Poly
Number of Buildings:	11	Joint Type:	Glue

**Type of Sprinklers**

	<i>Sprinkler A</i>	<i>Sprinkler B</i>	<i>Sprinkler C</i>	<i>Sprinkler D</i>	<i>Sprinkler E</i>
Area Protected	Entire Unit	Entire Unit	Breezeway	Breezeway	Other
Orientation	Pendant	Pendant	Sidewall	Pendant	Upright
Color	Chrome	Chrome	Chrome	Chrome	Brass
Rating					
Factor	155	155	15	155	155
Temperature (°F)	Senju	Globe	Globe	Globe	Globe
Manufacturer					
Model Number	0.5	0.5	1	0.5	0.5
Size (Inches)	Quick	Quick	Quick	Quick	Quick
Response	Wet	Wet	Dry	Dry	Wet
Sprinkler Type					

**Notes:**

Head type B has been used to replace head type A. I would do the same during the service. Head type F is a sidewall chrome 155Degree.



**Property :** Nevadan Apartments  
**Number of Sprinklers to Add:** 100  
**Inspector:** Kevin Harvey  
**Date:** July 10, 2016

**Apartment Walk Sheet**

Building	Unit	Area	Sprinkler	Type	Status	Access Issue?	Notes
1	104	Kitchen	1	Wet	Painted		A
1	104	Laundry Room	2	Wet	Painted		A
1	104	Foyer	3	Wet	Painted		A
1	101	Entire Unit	4	Wet	No Access	Pet	A
1	102	Kitchen	5	Wet	Painted		A
1	103	Breezeway	6	Dry	Painted		C
1	103	Breezeway	7	Wet	Painted		C
1	103	Breezeway	8	Wet	Painted		C
1	103	Laundry Room	9	Wet	Painted		A
1	103	Closet Bedroom	10	Wet	Painted		A
1	106	Breezeway	11	Dry	Painted		C
1	107	Breezeway	12	Wet	Painted		C
1	108	Breezeway	13	Wet	Painted		C
1	105	Kitchen	14	Wet	Painted		A
1	106	Living Room	15	Wet	Painted		A
1	106	Bedroom	16	Wet	Painted		A
1	106	Living Room	17	Wet	Painted		A
1	106	Kitchen	18	Wet	Painted		A
1	107	Foyer	19	Wet	Painted		A
1	107	Kitchen	20	Wet	Painted		A
1	107	Laundry Room	21	Wet	Painted		A
1	107	Kitchen	22	Wet	Painted		A
1	108	Laundry Room	23	Wet	Painted		A
1	108	Closet Bedroom	24	Wet	Painted		A
1	108	Restroom	25	Wet	Painted		A
1	109	Breezeway	26	Dry	Painted		C
1	109	Breezeway	27	Dry	Painted		C
1	109	Breezeway	28	Dry	Painted		C
1	111	Foyer	29	Wet	Painted		A
1	112	Restroom	30	Wet	Painted		A
1	112	Bedroom	31	Wet	Painted		A
1	115	Breezeway	32	Dry	Painted		C
1	115	Breezeway	33	Dry	Painted		C
1	115	Breezeway	34	Dry	Painted		C
1	117	Closet Bedroom	35	Wet	Painted		A
1	118	Foyer	36	Wet	Painted		A
1	118	Kitchen	37	Wet	Painted		B
1	118	Laundry Room	38	Wet	Painted		B
1	119	Breezeway	39	Dry	Painted		C
1	119	Breezeway	40	Dry	Painted		C
1	120	Breezeway	41	Dry	Painted		C
1	120	Breezeway	42	Dry	Painted		C
1	120	Foyer	43	Wet	Painted		A

1	120	Closet Bedroom	44	Wet	Painted		A
1	120	Living Room	45	Wet	Painted		A
1	120	Kitchen	46	Wet	Painted		B
1	121	Living Room	47	Wet	Painted		B
1	121	Sunroom	48	Wet	Painted		A
1	121	Hallway	49	Wet	Painted		A
1	121	Laundry Room	50	Wet	Painted		B
1	121	Bedroom	51	Wet	Painted		A
1	122	Breezeway	52	Dry	Painted		C
1	122	Restroom	53	Wet	Painted		B
1	123	Breezeway	54	Dry	Painted		C
1	123	Breezeway	55	Dry	Painted		C
1	123	Dining Room	56	Wet	Painted		A
1	123	Closet Bedroom	57	Wet	Painted		A
1	123	Restroom	58	Wet	Painted		A
1	125	Restroom	59	Wet	Painted		A
1	125	Laundry Room	60	Wet	Painted		A
1	126	Breezeway	61	Dry	Painted		C
1	126	Breezeway	62	Dry	Painted		C
1	127	Living Room	63	Wet	Painted		A
1	127	Living Room	64	Wet	Painted		A
1	127	Hallway	65	Wet	Painted		A
1	127	Laundry Room	66	Wet	Painted		A
1	127	Kitchen	67	Wet	Painted		A
1	128	Breezeway	68	Dry	Painted		C
1	128	Breezeway	69	Dry	Painted		C
1	129	Breezeway	70	Dry	Painted		C
1	129	Breezeway	71	Wet	Painted		C
1	129	Foyer	72	Wet	Painted		B
1	129	Restroom	73	Wet	Painted		A
1	130	Entire Unit	74	Wet	No Access	No Key	A
1	131	Living Room	75	Wet	Painted		A
1	132	Breezeway	76	Dry	Painted		C
1	132	Breezeway	77	Dry	Painted		C
1	134	Breezeway	78	Dry	Painted		C
1	134	Breezeway	79	Dry	Painted		C
1	133	Hallway	80	Wet	Painted		B
1	134	Kitchen	81	Wet	Painted		A
1	134	Laundry Room	82	Wet	Painted		A
1	134	Living Room	83	Wet	Painted		A
1	134	By stairs	84	Dry	Painted		c
1	134	By stairs	85	Dry	Orientation		c
1	137	Breezeway	86	Dry	Painted		C
1	138	Breezeway	87	Dry	Painted		C
1	138	Breezeway	88	Dry	Painted		C
1	138	Breezeway	89	Dry	Painted		C
1	138	Breezeway	90	Dry	Painted		C
1	138	Breezeway	91	Dry	Painted		C
1	138	Foyer	92	Wet	Painted		A

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1	140	Breezeway	93	Dry	Painted		C
1	140	Living Room	94	Wet	Painted		A
1	140	Laundry Room	95	Wet	Painted		B
1	140	Restroom	96	Wet	Painted		B
1	140	Living Room	97	Wet	Painted		A
1	144	Breezeway	98	Dry	Painted		C
1	144	Breezeway	99	Dry	Painted		C
1	144	Breezeway	100	Wet	Painted		C
1	141	Hallway	101	Wet	Painted		A
1	142	Entire Unit	102	Wet	No Access	PET	A
1	143	Laundry Room	103	Wet	Painted		A
1	143	Kitchen	104	Wet	Painted		A
1	143	Dining Room	105	Wet	Painted		A
1	147	Breezeway	106	Dry	Painted		C
1	147	Breezeway	107	Dry	Painted		C
1	147	Breezeway	108	Dry	Painted		C
1	146	Restroom	109	Wet	Painted		A
1	146	Closet Bedroom	110	Wet	Painted		A
1	148	Closet Bedroom	111	Wet	Painted		C
1	151	Breezeway	112	Wet	Painted		C
1	151	Breezeway	113	Wet	Painted		C
1	151	Breezeway	114	Wet	Painted		C
1	150	Hallway	115	Wet	Painted		A
1	151	Living Room	116	Wet	Painted		A
1	151	Living Room	117	Wet	Painted		A
1	151	Restroom	118	Wet	Painted		A
1	156	Breezeway	119	Dry	Painted		C
1	156	Breezeway	120	Dry	Painted		C
1	156	Breezeway	121	Dry	Painted		C
1	157	Breezeway	122	Dry	Painted		A
1	157	Breezeway	123	Dry	Painted		C
1	157	Breezeway	124	Dry	Painted		C
1	159	Bedroom	125	Wet	Painted		A
1	161	Entire Unit	126	Wet	No Access	No Key	A
1	161	Breezeway	127	Dry	Painted		C
1	161	Breezeway	128	Dry	Painted		C
1	161	Breezeway	129	Dry	Painted		C
1	162	Hallway	130	Wet	Painted		B
1	162	Living Room	131	Wet	Painted		B
1	166	Breezeway	132	Dry	Painted		C
1	166	Breezeway	133	Dry	Painted		C
1	166	Breezeway	134	Wet	Painted		C
1	165	Restroom	135	Wet	Painted		A
1	165	Hallway	136	Wet	Painted		A
1	166	Restroom	137	Wet	Painted		A
1	166	Bedroom	138	Wet	No Access	PET	A
1	169	Breezeway	139	Dry	Painted		C
1	169	Breezeway	140	Dry	Painted		C
1	169	Breezeway	141	Dry	Painted		C

1	169	Restroom	142	Wet	Painted		A
1	171	Living Room	143	Wet	Painted		A
1	171	Living Room	144	Wet	Painted		A
1	171	Living Room	145	Wet	Painted		A
1	171	Kitchen	146	Wet	Painted		A
2	202	Kitchen	147	Wet	Adjust Sprinkler		A
2	202	Kitchen	148	Wet	Needs Plate		A
2	203	Bedroom	149	Dry	Painted		C
2	204	Breezeway	150	Dry	Painted		C
2	204	Kitchen	151	Wet	Damaged Sprinkler		A
2	205	Breezeway	152	Dry	Painted		C
2	205	Breezeway	153	Dry	Painted		C
2	205	Breezeway	154	Dry	Painted		C
2	207	Living Room	155	Wet	Painted		A
2	207	Living Room	156	Wet	Painted		A
2	211	Breezeway	157	Dry	Painted		C
2	211	Breezeway	158	Dry	Painted		C
2	211	Breezeway	159	Dry	Painted		C
2	210	Bedroom	160	Wet	Painted		A
2	211	Breezeway	161	Wet	Painted		A
2	211	Restroom	162	Wet	Painted		A
2	211	Closet Bedroom	163	Wet	Painted		A
2	212	Laundry Room	164	Wet	Painted		A
2	215	Breezeway	165	Dry	Painted		C
2	213	Breezeway	166	Dry	Painted		C
2	213	Entire Unit	167	Wet	No Access	PET	A
2	214	Breezeway	168	Wet	Painted		C
2	214	Foyer	169	Wet	Painted		A
2	215	Foyer	170	Wet	Painted		A
2	216	Closet Bedroom	171	Wet	Painted		B
2	217	Breezeway	172	Dry	Painted		C
2	217	Bedroom	173	Wet	Painted		A
2	217	Dining Room	174	Wet	Painted		A
2	217	Living Room	175	Wet	Painted		B
2	218	Breezeway	176	Wet	Corroded		C
2	218	Entire Unit	177	Wet	No Access	No Key	A
2	219	Restroom	178	Wet	Painted		A
2	219	Closet Bedroom	179	Wet	Painted		A
2	220	Laundry Room	180	Wet	Corroded		A
2	221	Breezeway	181	Dry	Painted		C
2	221	Kitchen	182	Wet	Painted		A
2	222	Breezeway	183	Dry	Painted		C
2	222	Restroom	184	Wet	Painted		A
2	223	Bedroom	185	Wet	Damaged Sprinkler		A
2	223	Restroom	186	Wet	Painted		B
2	224	Closet Bedroom	187	Wet	Painted		A
2	226	Closet Bedroom	188	Wet	Painted		A
2	225	Kitchen	189	Wet	Painted		A
2	225	Restroom	190	Wet	Corroded		A

2	225	Living Room	191	Wet	Painted		A
2	225	Laundry Room	192	Wet	Painted		A
2	227	Breezeway	193	Dry	Painted		C
2	227	Dining Room	194	Wet	Painted		A
2	227	Laundry Room	195	Wet	Painted		C
2	228	Breezeway	196	Dry	Painted		A
2	228	Entire Unit	197	Wet	No Access	KID	A
2	229	Breezeway	198	Dry	Painted		C
2	229	Breezeway	199	Dry	Painted		D
2	229	Foyer	200	Wet	Painted		A
2	229	Restroom	201	Wet	Painted		B
2	229	Laundry Room	202	Wet	Painted		A
2	230	Breezeway	203	Dry	Painted		C
2	230	Breezeway	204	Dry	Painted		D
2	230	Living Room	205	Wet	Painted		A
2	230	Living Room	206	Wet	Painted		A
2	230	Closet Bedroom	207	Wet	Painted		A
2	232	Dining Room	208	Wet	Painted		A
2	232	Laundry Room	209	Wet	Painted		A
2	245	Kitchen	210	Wet	Painted		A
2	248	Breezeway	211	Dry	Painted		A
2	247	Breezeway	212	Dry	Painted		C
2	247	Breezeway	213	Dry	Painted		C
2	246	Bedroom	214	Wet	Painted		A
2	246	Laundry Room	215	Wet	Painted		A
2	246	Living Room	216	Wet	Painted		A
2	246	Restroom	217	Wet	Painted		A
2	246	Closet Bedroom	218	Wet	Painted		A
2	248	Breezeway	219	Dry	Painted		C
2	247	Entire Unit	220	Wet	No Access	No Key	A
2	248	Breezeway	221	Dry	Painted		C
2	248	Living Room	222	Dry	Painted		A
2	248	Laundry Room	223	Wet	Painted		A
2	248	Bedroom	224	Wet	Painted		A
2	243	Kitchen	225	Wet	Painted		A
2	243	Restroom	226	Wet	Painted		A
2	243	Laundry Room	227	Wet	Painted		A
2	244	Entire Unit	228	Wet	No Access	PET	A
2	241	Foyer	229	Wet	Needs Plate		A
2	237	Restroom	230	Wet	Painted		A
2	239	Breezeway	231	Dry	Painted		C
2	239	Breezeway	232	Dry	Painted		C
2	238	Closet Bedroom	233	Wet	Painted		A
2	240	Laundry Room	234	Wet	Covered		A
2	240	Bedroom	235	Wet	No Access	SLEEP	A
2	240	Bedroom	236	Wet	No Access	SLEEP	A
2	234	Living Room	237	Wet	Loaded/Dusted		A
2	234	Living Room	238	Wet	Loaded/Dusted		A
2	234	Restroom	239	Wet	Painted		B

2	235	Dining Room	240	Wet	Painted		A
2	235	Bedroom	241	Wet	Painted		A
2	235	Restroom	242	Wet	Painted		A
2	236	Foyer	243	Wet	Painted		A
2	236	Living Room	244	Wet	Loaded/Dusted		A
2	236	Living Room	245	Wet	Loaded/Dusted		A
2	236	Restroom	246	Wet	Painted		A
2	249	Entire Unit	247	Wet	No Access	No Key	A
2	250	Entire Unit	248	Wet	No Access	PET	A
2	251	Entire Unit	249	Wet	No Access	No Key	A
2	252	Breezeway	250	Wet	Painted		A
2	252	Closet Bedroom	251	Wet	Painted		A
2	254	Hallway	252	Wet	Painted		A
2	254	Restroom	253	Wet	Painted		A
2	255	Foyer	254	Wet	Painted		A
2	255	Living Room	255	Wet	Painted		A
2	255	Living Room	256	Wet	Painted		A
2	255	Kitchen	257	Wet	Painted		A
2	255	Bedroom	258	Wet	No Access	PET	A
2	256	Foyer	259	Wet	Painted		A
2	257	Breezeway	260	Dry	Painted		C
2	257	Breezeway	261	Dry	Painted		C
2	257	Hallway	262	Wet	Painted		A
2	258	Kitchen	263	Wet	Painted		A
2	258	Hallway	264	Wet	Painted		A
2	258	Laundry Room	265	Wet	Painted		A
2	258	Bedroom	266	Wet	Painted		A
2	259	Bedroom	267	Wet	Painted		A
2	260	Living Room	268	Wet	Painted		A
2	260	Bedroom	269	Wet	No Access	PET	A
2	260	Kitchen	270	Wet	Painted		A
2	261	Hallway	271	Wet	Painted		A
2	261	Restroom	272	Wet	Painted		A
2	261	Laundry Room	273	Wet	Painted		A
2	261	Breezeway	274	Dry	Painted		C
2	263	Foyer	275	Wet	Painted		A
2	263	Bedroom	276	Wet	Painted		A
2	263	Closet Bedroom	277	Wet	Painted		A
2	262	Dining Room	278	Wet	Painted		A
2	262	Hallway	279	Wet	Painted		A
2	262	Laundry Room	280	Wet	Painted		A
2	262	Restroom	281	Wet	Painted		A
2	264	Foyer	282	Wet	Painted		A
2	264	Bedroom	283	Wet	Painted		A
3	303	Restroom	284	Wet	Painted		A
3	303	Bedroom	285	Wet	Loaded/Dusted		B
3	304	Entire Unit	286	Wet	No Access	No Key	A
3	305	Bedroom	287	Wet	Painted		A
3	307	Hallway	288	Wet	Painted		B

3	308	Restroom	289	Wet	Painted		A
3	311	Bedroom	290	Wet	Loaded/Dusted		B
3	311	Laundry Room	291	Wet	Painted		B
3	312	Bedroom	292	Wet	Painted		A
3	312	Restroom	293	Wet	Painted		A
3	313	Entire Unit	294	Wet	No Access	No Key	A
3	314	Foyer	295	Wet	Painted		A
3	315	Entire Unit	296	Wet	No Access	No Key	A
3	316	Hallway	297	Wet	Painted		B
3	316	Laundry Room	298	Wet	Painted		B
3	317	Bedroom	299	Wet	Painted		A
3	318	Bedroom	300	Wet	Painted		B
3	320	Living Room	301	Wet	Painted		B
3	320	Laundry Room	302	Wet	Painted		A
3	320	Bedroom	303	Wet	No Access	PET	A
3	319	Living Room	304	Wet	Painted		A
3	319	Bedroom	305	Wet	Painted		A
3	319	Restroom	306	Wet	Painted		A
3	319	Laundry Room	307	Wet	Painted		A
3	319	Bedroom	308	Wet	Painted		A
3	319	Restroom	309	Wet	Painted		A
3	321	Dining Room	310	Wet	Painted		A
3	322	Laundry Room	311	Wet	Painted		A
3	324	Restroom	312	Wet	Painted		A
3	324	Hallway	313	Wet	Painted		A
3	324	Laundry Room	314	Wet	Painted		A
3	325	Entire Unit	315	Wet	No Access	No Key	A
3	327	Bedroom	316	Wet	Damaged Sprinkler		A
3	329	Dining Room	317	Wet	Painted		A
3	330	Entire Unit	318	Wet	No Access	KID	A
3	331	Entire Unit	319	Wet	No Access	No Key	A
3	332	Laundry Room	320	Wet	Painted		A
3	333	Living Room	321	Wet	Painted		A
3	333	Sunroom	322	Wet	Painted		A
3	333	Bedroom	323	Wet	Painted		A
3	333	Kitchen	324	Wet	Painted		A
3	333	Laundry Room	325	Wet	Painted		A
3	334	Bedroom	326	Wet	Painted		A
3	335	Living Room	327	Wet	Painted		A
3	336	Laundry Room	328	Wet	Painted		A
3	336	Bedroom	329	Wet	Painted		A
3	337	Bedroom	330	Wet	Painted		A
3	337	Restroom	331	Wet	Painted		A
3	338	Entire Unit	332	Wet	No Access	No Key	A
3	339	Closet Bedroom	333	Wet	Painted		A
3	340	Laundry Room	334	Wet	Painted		A
3	340	Bedroom	335	Wet	Painted		A
3	342	Entire Unit	336	Wet	No Access	Tenant Refusal	A
3	344	Living Room	337	Wet	Painted		A

3	345	Laundry Room	338	Wet	Painted		A
3	346	Dining Room	339	Wet	Painted		A
3	346	Hallway	340	Wet	Painted		A
3	346	Laundry Room	341	Wet	Painted		A
3	346	Bedroom	342	Wet	No Access	PET	A
3	347	Closet Bedroom	343	Wet	Painted		A
3	348	Closet Bedroom	344	Wet	Painted		A
3	350	Bedroom	345	Wet	Painted		A
3	351	Bedroom	346	Wet	Painted		A
3	351	Kitchen	347	Wet	Painted		A
3	352	Living Room	348	Wet	Painted		A
3	352	Hallway	349	Wet	Painted		A
3	352	Bedroom	350	Wet	No Access	SLEEP	A
3	353	Bedroom	351	Wet	Painted		A
3	353	Closet Bedroom	352	Wet	Painted		A
3	354	LAundry Room	353	Wet	Adjust Sprinkler		A
3	354	Restroom	354	Wet	Painted		A
3	356	Laundry Room	355	Wet	Painted		A
3	356	Restroom	356	Wet	Painted		A
3	355	Closet Bedroom	357	Wet	Painted		A
3	355	Laundry Room	358	Wet	Painted		A
3	357	Kitchen	359	Wet	Painted		A
3	357	Restroom	360	Wet	Painted		A
3	358	Entire Unit	361	Wet	No Access	No Key	A
3	359	Bedroom	362	Wet	Painted		A
3	360	Laundry Room	363	Wet	Painted		A
3	361	Kitchen	364	Wet	Painted		A
3	361	Restroom	365	Wet	Painted		A
3	363	Foyer	366	Wet	Painted		A
3	364	Bedroom	367	Wet	Painted		A
3	365	Kitchen	368	Wet	Covered		A
3	365	Laundry Room	369	Wet	Painted		A
3	365	Closet Bedroom	370	Wet	Painted		A
3	366	Foyer	371	Wet	Painted		A
3	366	Dining Room	372	Wet	Painted		A
3	366	Kitchen	373	Wet	Painted		A
3	366	Restroom	374	Wet	Painted		A
3	366	Closet Bedroom	375	Wet	Painted		A
3	367	Entire Unit	376	Wet	No Access	No Key	A
3	Parking	Riser lock up	377	Wet	Painted		E
3	Parking	Riser lock up	378	Wet	Painted		E
3	Parking	Riser lock up	379	Wet	Painted		E
3	Parking	Riser lock up	380	Wet	Painted		E
3	Parking	Riser lock up	381	Wet	Painted		E
3	Parking	Riser lock up	382	Wet	Painted		E
3	Parking	Riser lock up	383	Wet	Painted		E
3	Parking	Riser lock up	384	Wet	Painted		E
3	Parking	Riser lock up	385	Wet	Painted		E
3	Parking	Riser lock up	386	Wet	Painted		E

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3	Parking	Riser lock up	387	Wet	Painted		E
3	Parking	3 spots fom riser room going left toward	388	Wet	Painted		E
3	Parking	4 COLUMNS from riser room headed toward	389	Wet	Orientation		E
3	Parking	4 COLUMNS from riser room headed toward	390	Wet	Orientation		E
4	401	Entire Unit	391	Wet	No Access	No Key	A
4	402	Breezeway	392	Dry	Painted		C
4	402	LAundry Room	393	Wet	Painted		A
4	401	Breezeway	394	Dry	Painted		C
4	403	LAundry Room	395	Wet	Painted		A
4	403	Living Room	396	Wet	Needs Plate		A
4	403	Restroom	397	Wet	Painted		A
4	403	Closet Bedroom	398	Wet	Painted		A
4	403	Foyer	399	Wet	Painted		A
4	404	Hallway	400	Wet	Painted		A
4	404	Bedroom	401	Wet	Painted		A
4	404	Restroom	402	Wet	Painted		A
4	404	Breezeway	403	Dry	Painted		C
4	403	Breezeway	404	Wet	Painted		C
4	405	Entire Unit	405	Wet	No Access	Tenant Refusal	A
4	405	Hallway	406	Wet	Painted		A
4	406	Bedroom	407	Wet	Painted		A
4	406	Closet Bedroom	408	Wet	Painted		A
4	406	Restroom	409	Wet	Painted		A
4	407	Breezeway	410	Dry	Painted		D
4	407	Dining Room	411	Wet	Painted		F
4	407	Breezeway	412	Wet	Painted		F
4	407	Restroom	413	Wet	Painted		F
4	407	Closet Bedroom	414	Wet	Painted		F
4	407	Living Room	415	Wet	Painted		F
4	408	Kitchen	416	Wet	Painted		F
4	408	Laundry Room	417	Wet	Painted		F
4	408	Restroom	418	Wet	Painted		A
4	408	Breezeway	419	Dry	Painted		D
4	409	Breezeway	420	Dry	Painted		C
4	410	Breezeway	421	Dry	Painted		C
4	409	Restroom	422	Wet	Painted		B
4	409	Bedroom	423	Wet	Painted		A
4	410	Kitchen	424	Wet	Painted		A
4	410	LAundry Room	425	Wet	Painted		A
4	410	Bedroom	426	Wet	No Access	Tenant Refusal	A
4	411	Foyer	427	Wet	Painted		A
4	411	Bedroom	428	Wet	Painted		A
4	411	Hallway	429	Wet	Painted		A
4	411	Restroom	430	Wet	Painted		A
4	412	LAundry Room	431	Wet	Painted		A
4	412	Hallway	432	Wet	Painted		A
4	412	Closet Bedroom	433	Wet	Painted		A
4	409	Breezeway	434	Dry	Painted		C
4	413	Breezeway	435	Dry	Painted		C

4	413	Breezeway	436	Dry	Painted		C
4	413	Kitchen	437	Wet	Painted		A
4	413	Bedroom	438	Wet	Painted		A
4	413	Restroom	439	Wet	Painted		A
4	413	Bedroom	440	Wet	Painted		A
4	416	Foyer	441	Wet	Painted		A
4	416	Closet Bedroom	442	Wet	Painted		A
4	416	Restroom	443	Wet	Painted		A
4	414	Breezeway	444	Dry	Painted		C
4	414	LAundry Room	445	Wet	Needs Plate		A
4	414	Restroom	446	Wet	Painted		A
4	415	Restroom	447	Wet	Painted		A
4	417	Breezeway	448	Dry	Painted		A
4	418	Breezeway	449	Dry	Painted		C
4	417	Restroom	450	Wet	Painted		A
4	418	Foyer	451	Wet	Painted		A
4	418	Dining Room	452	Wet	Painted		A
4	418	Hallway	453	Wet	Painted		A
4	418	Restroom	454	Wet	Painted		A
4	418	Closet Bedroom	455	Wet	Painted		A
4	419	Dining Room	456	Wet	Painted		A
4	419	Hallway	457	Wet	Painted		A
4	419	Restroom	458	Wet	Painted		A
4	419	Closet Bedroom	459	Wet	Painted		A
4	420	Entire Unit	460	Wet	No Access	No Key	A
4	421	Breezeway	461	Dry	Painted		D
4	421	Breezeway	462	Dry	Painted		D
4	421	Breezeway	463	Dry	Painted		D
4	421	Breezeway	464	Dry	Painted		D
4	421	Foyer	465	Wet	Painted		F
4	421	Bedroom	466	Wet	Painted		F
4	421	Living Room	467	Wet	Painted		F
4	421	Hallway	468	Wet	Painted		F
4	421	Restroom	469	Wet	Painted		F
4	421	Restroom	470	Wet	Painted		F
4	421	Closet Bedroom	471	Wet	Painted		F
4	422	Foyer	472	Wet	Painted		F
4	422	Dining Room	473	Wet	Painted		F
4	422	Bedroom	474	Wet	Painted		F
4	422	Closet Bedroom	475	Wet	Painted		F
4	422	Restroom	476	Wet	Painted		F
4	422	Restroom	477	Wet	Painted		F
4	422	Bedroom	478	Wet	Painted		F
4	423	Restroom	479	Wet	Painted		F
4	424	Entire Unit	480	Wet	No Access	PET	A
4	425	Dining Room	481	Wet	Painted		A
4	425	Hallway	482	Wet	Painted		A
4	425	Restroom	483	Wet	Painted		A
4	427	Breezeway	484	Dry	Painted		C

4	428	Breezeway	485	Dry	Painted		C
4	426	Dining Room	486	Wet	Painted		A
4	426	LAundry Room	487	Wet	Painted		A
4	426	Kitchen	488	Wet	Painted		A
4	426	Hallway	489	Wet	Painted		A
4	426	Restroom	490	Wet	Painted		A
4	426	Bedroom	491	Wet	Painted		A
4	432	Breezeway	492	Dry	Painted		C
4	432	Breezeway	493	Dry	Painted		C
4	431	Breezeway	494	Dry	Painted		C
4	430	Hallway	495	Wet	Painted		A
4	430	Bedroom	496	Wet	Painted		A
4	430	Restroom	497	Wet	Painted		A
4	430	Closet Bedroom	498	Wet	Painted		A
4	431	Hallway	499	Wet	Painted		A
4	431	Bedroom	500	Wet	Painted		A
4	432	Entire Unit	501	Wet	No Access	No Key	A
4	433	Hallway	502	Wet	Painted		A
4	435	Breezeway	503	Dry	Painted		C
4	436	Breezeway	504	Dry	Painted		C
4	434	Hallway	505	Wet	Painted		A
4	434	Restroom	506	Wet	Painted		A
4	434	Closet Bedroom	507	Wet	Painted		A
4	436	Hallway	508	Wet	Painted		A
4	436	Bedroom	509	Wet	No Access	LOCKED	A
4	437	Breezeway	510	Dry	Painted		D
4	437	Breezeway	511	Dry	Painted		D
4	437	Breezeway	512	Dry	Painted		D
4	437	Bedroom	513	Wet	Painted		F
4	437	Restroom	514	Wet	Painted		F
4	437	LAundry Room	515	Wet	Painted		F
4	438	Foyer	516	Wet	Painted		F
4	438	Restroom	517	Wet	Painted		F
4	438	Closet Bedroom	518	Wet	Painted		F
4	439	Restroom	519	Wet	Painted		F
5	501	Bedroom	520	Wet	Painted		A
5	502	Living Room	521	Wet	Painted		F
5	503	Dining Room	522	Wet	Painted		F
5	503	Hallway	523	Wet	Painted		A
5	506	Bedroom	524	Wet	Painted		A
5	507	Hallway	525	Wet	Painted		A
5	507	LAundry Room	526	Wet	Painted		A
5	508	Restroom	527	Wet	Painted		A
5	508	LAundry Room	528	Wet	Painted		A
5	511	Restroom	529	Wet	Painted		A
5	511	LAundry Room	530	Wet	Painted		A
5	511	Restroom	531	Wet	Painted		A
5	512	Living Room	532	Wet	Painted		A
5	512	Bedroom	533	Wet	Painted		A

5	512	Restroom	534	Wet	Painted		A
5	512	LAundry Room	535	Wet	Painted		A
5	512	Bedroom	536	Wet	Painted		A
5	514	Entire Unit	537	Wet	No Access	No Key	A
5	515	Hallway	538	Wet	Painted		A
5	517	Kitchen	539	Wet	Damaged Sprinkler		A
5	517	Bedroom	540	Wet	No Access	LOCKED	A
5	518	Entire Unit	541	Wet	No Access	Tenant Refusal	A
5	519	Bedroom	542	Wet	Painted		A
5	520	Bedroom	543	Wet	Painted		A
5	520	LAundry Room	544	Wet	Painted		A
5	522	Foyer	545	Wet	Painted		A
5	523	Entire Unit	546	Wet	No Access	KID	A
5	524	Foyer	547	Wet	Painted		A
5	524	Hallway	548	Wet	Painted		A
5	524	Bedroom	549	Wet	No Access	SLEEP	A
5	524	Bedroom	550	Wet	No Access	SLEEP	A
5	525	Entire Unit	551	Wet	No Access	PET	A
5	526	Foyer	552	Wet	Painted		A
5	526	Bedroom	553	Wet	Painted		A
5	526	Hallway	554	Wet	Painted		A
5	526	Bedroom	555	Wet	Painted		A
5	526	Closet Bedroom	556	Wet	Painted		A
5	526	LAundry Room	557	Wet	No Access		A
5	527	Foyer	558	Wet	Painted		A
5	527	Bedroom	559	Wet	Painted		A
5	527	Closet Bedroom	560	Wet	Painted		A
5	527	LAundry Room	561	Wet	Painted		A
5	528	Hallway	562	Wet	Painted		A
5	529	Kitchen	563	Wet	Painted		A
5	529	Hallway	564	Wet	Painted		A
5	530	Hallway	565	Wet	Painted		A
5	530	Closet Bedroom	566	Wet	Painted		A
5	531	Hallway	567	Wet	Painted		B
5	531	Closet Bedroom	568	Wet	Painted		A
5	532	Foyer	569	Wet	Painted		A
5	532	Living Room	570	Wet	Painted		A
5	532	Closet Bedroom	571	Wet	Painted		A
5	532	Kitchen	572	Wet	Painted		A
5	532	LAundry Room	573	Wet	Painted		A
5	533	Dining Room	574	Wet	Painted		A
5	533	Hallway	575	Wet	Painted		A
5	533	Restroom	576	Wet	Painted		A
5	533	LAundry Room	577	Wet	Painted		A
5	535	Bedroom	578	Wet	Painted		A
5	535	Foyer	579	Wet	Painted		A
5	536	LAundry Room	580	Wet	Painted		A
5	537	Entire Unit	581	Wet	Painted		A
5	540	Foyer	582	Wet	Painted		A

5	540	Living Room	583	Wet	Painted		A
5	540	Bedroom	584	Wet	Painted		A
5	540	Kitchen	585	Wet	Painted		A
5	541	Office	586	Wet	Painted		A
5	541	Dining Room	587	Wet	Damaged Sprinkler		A
5	543	Foyer	588	Wet	Painted		A
5	543	Living Room	589	Wet	Painted		A
5	542	Hallway	590	Wet	Painted		A
5	544	Foyer	591	Wet	Painted		A
5	546	Restroom	592	Wet	Painted		A
5	546	Hallway	593	Wet	Painted		A
5	546	LAundry Room	594	Wet	Painted		A
5	547	Foyer	595	Wet	Painted		A
5	547	Kitchen	596	Wet	Painted		A
5	547	Closet Bedroom	597	Wet	Painted		A
5	548	Foyer	598	Wet	Painted		A
5	545	Entire Unit	599	Wet	No Access	No Key	A
6	601	Entire Unit	600	Wet	No Access	No Key	A
6	602	Foyer	601	Wet	Painted		A
6	603	Entire Unit	602	Wet	No Access	PET	A
6	604	LAundry Room	603	Wet	Painted		A
6	607	LAundry Room	604	Wet	Painted		A
6	607	Bedroom	605	Wet	Painted		A
6	608	LAundry Room	606	Wet	Painted		A
6	608	Closet Bedroom	607	Wet	Painted		A
6	608	Bedroom	608	Wet	Painted		A
6	609	Foyer	609	Wet	Painted		A
6	609	Kitchen	610	Wet	Painted		A
6	610	Foyer	611	Wet	Painted		A
6	610	Living Room	612	Wet	Painted		A
6	610	Living Room	613	Wet	Painted		A
6	610	Bedroom	614	Wet	Painted		A
6	610	Kitchen	615	Wet	Painted		A
6	611	Dining Room	616	Wet	Painted		A
6	611	Office	617	Wet	Painted		A
6	611	LAundry Room	618	Wet	Painted		A
6	612	Hallway	619	Wet	Painted		A
6	612	Restroom	620	Wet	Painted		A
6	612	LAundry Room	621	Wet	Painted		A
6	613	Bedroom	622	Wet	Painted		A
6	614	Foyer	623	Wet	Painted		A
6	614	LAundry Room	624	Wet	Painted		A
6	615	Hallway	625	Wet	Painted		A
6	615	LAundry Room	626	Wet	Painted		A
6	616	Entire Unit	627	Wet	No Access	No Key	A
6	617	Living Room	628	Wet	Painted		A
6	617	Closet Bedroom	629	Wet	Painted		A
6	618	Foyer	630	Wet	Painted		A
6	618	Living Room	631	Wet	Painted		A

6	618	Bedroom	632	Wet	Painted		A
6	618	Closet Bedroom	633	Wet	Painted		A
6	619	Kitchen	634	Wet	Painted		A
6	619	Bedroom	635	Wet	Painted		A
6	619	Bedroom	636	Wet	Painted		A
6	619	Bedroom	637	Wet	No Access	PET	A
6	619	LAundry Room	638	Wet	No Access	PET	A
6	620	Hallway	639	Wet	Painted		A
6	620	Bedroom	640	Wet	Painted		A
6	620	Closet Bedroom	641	Wet	Painted		A
6	621	Foyer	642	Wet	Painted		A
6	621	Living Room	643	Wet	Painted		A
6	621	Bedroom	644	Wet	Painted		A
6	621	Hallway	645	Wet	Painted		A
6	621	Closet Bedroom	646	Wet	Painted		A
6	622	Foyer	647	Wet	Painted		A
6	622	Bedroom	648	Wet	Painted		A
6	622	Bedroom	649	Wet	Painted		A
6	622	Closet Bedroom	650	Wet	Painted		A
6	622	LAundry Room	651	Wet	Painted		A
6	623	LAundry Room	652	Wet	Painted		A
6	623	Hallway	653	Wet	Painted		A
6	623	Bedroom	654	Wet	Painted		A
6	624	Bedroom	655	Wet	Painted		A
6	625	Foyer	656	Wet	Painted		A
6	625	Bedroom	657	Wet	Painted		A
6	625	Kitchen	658	Wet	Painted		A
6	625	LAundry Room	659	Wet	Painted		A
6	625	Closet Bedroom	660	Wet	Painted		A
6	625	Bedroom	661	Wet	No Access	Tenant Refusal	A
6	626	Bedroom	662	Wet	Painted		A
6	626	Closet Bedroom	663	Wet	Painted		A
6	626	Hallway	664	Wet	Painted		A
6	627	Living Room	665	Wet	Painted		A
6	627	Closet Bedroom	666	Wet	Painted		A
6	627	Hallway	667	Wet	Painted		A
6	628	Foyer	668	Wet	Painted		A
6	628	Hallway	669	Wet	Painted		A
6	628	Closet Bedroom	670	Wet	Painted		A
6	628	LAundry Room	671	Wet	Painted		A
6	629	Foyer	672	Wet	Painted		A
6	629	Closet Bedroom	673	Wet	Painted		A
6	629	Hallway	674	Wet	Painted		B
6	629	Closet Bedroom	675	Wet	Painted		A
6	630	Foyer	676	Wet	Painted		A
6	630	Bedroom	677	Wet	Painted		A
6	630	Hallway	678	Wet	Painted		A
6	630	Bedroom	679	Wet	Painted		A
6	630	LAundry Room	680	Wet	Painted		A

6	631	Foyer	681	Wet	Painted		A
6	631	Closet Bedroom	682	Wet	Painted		A
6	631	LAundry Room	683	Wet	Painted		A
6	632	Entire Unit	684	Wet	No Access	PET	A
6	633	Living Room	685	Wet	Painted		A
6	634	Living Room	686	Wet	Painted		A
6	634	Bedroom	687	Wet	Painted		A
6	634	Hallway	688	Wet	Painted		A
6	634	Closet Bedroom	689	Wet	Painted		A
6	635	Bedroom	690	Wet	Painted		A
6	635	Kitchen	691	Wet	Painted		A
6	636	Foyer	692	Wet	Painted		A
6	636	Living Room	693	Wet	Painted		A
6	636	Kitchen	694	Wet	Painted		A
6	636	Bedroom	695	Wet	Loaded/Dusted		A
6	637	Hallway	696	Wet	Painted		A
6	637	LAundry Room	697	Wet	Painted		A
6	638	Office	698	Wet	Painted		A
6	638	Hallway	699	Wet	Painted		A
6	638	LAundry Room	700	Wet	Painted		A
6	639	Foyer	701	Wet	Painted		A
6	639	Living Room	702	Wet	Painted		A
6	640	Foyer	703	Wet	Painted		A
6	640	Bedroom	704	Wet	Painted		A
6	640	Closet Bedroom	705	Wet	Painted		A
6	641	Entire Unit	706	Wet	No Access	No Key	A
6	644	Entire Unit	707	Wet	No Access	No Key	A
6	648	Foyer	708	Wet	Painted		A
6	645	Kitchen	709	Wet	Painted		A
6	645	LAundry Room	710	Wet	Painted		A
6	645	Closet Bedroom	711	Wet	Painted		A
6	646	Hallway	712	Wet	Painted		A
6	646	LAundry Room	713	Wet	Painted		A
6	647	Foyer	714	Wet	Painted		A
7	701	Living Room	715	Wet	Painted		A
7	701	Dining Room	716	Wet	Painted		A
7	701	Bedroom	717	Wet	Painted		A
7	701	Hallway	718	Wet	Painted		A
7	701	Restroom	719	Wet	Painted		A
7	701	LAundry Room	720	Wet	Painted		A
7	701	Bedroom	721	Wet	Painted		A
7	701	Closet Bedroom	722	Wet	Painted		A
7	702	Entire Unit	723	Wet	No Access	No Key	A
7	703	Entire Unit	724	Wet	No Access	No Key	A
7	704	Entire Unit	725	Wet	No Access	No Key	A
7	705	Entire Unit	726	Wet	No Access	No Key	A
7	706	LAundry Room	727	Wet	Painted		A
7	707	LAundry Room	728	Wet	Painted		A
7	707	Restroom	729	Wet	Painted		A

7	708	Entire Unit	730	Wet	No Access	No Key	A
7	709	Hallway	731	Wet	Painted		A
7	709	Living Room	732	Wet	Painted		A
7	709	Bedroom	733	Wet	Painted		A
7	709	Restroom	734	Wet	Painted		A
7	709	Bedroom	735	Wet	Painted		A
7	709	LAundry Room	736	Wet	Painted		A
7	709	Closet Bedroom	737	Wet	Painted		A
7	710	Entire Unit	738	Wet	No Access	No Key	A
7	711	LAundry Room	739	Wet	Painted		A
7	711	Closet Bedroom	740	Wet	Painted		A
7	712	Entire Unit	741	Wet	No Access	No Key	A
7	713	LAundry Room	742	Wet	Painted		A
7	714	Hallway	743	Wet	Painted		A
7	714	LAundry Room	744	Wet	Painted		A
7	714	Bedroom	745	Wet	No Access	PET	A
7	715	Dining Room	746	Wet	Painted		A
7	715	Living Room	747	Wet	Painted		A
7	715	Hallway	748	Wet	Painted		A
7	715	Kitchen	749	Wet	Painted		A
7	715	LAundry Room	750	Wet	Painted		A
7	716	Dining Room	751	Wet	Painted		A
7	716	Living Room	752	Wet	Painted		A
7	716	Hallway	753	Wet	Painted		A
7	716	Restroom	754	Wet	Painted		A
7	716	LAundry Room	755	Wet	Painted		A
7	717	Living Room	756	Wet	Painted		A
7	717	Sunroom	757	Wet	Painted		A
7	718	Living Room	758	Wet	Painted		A
7	718	LAundry Room	759	Wet	Painted		A
7	718	Restroom	760	Wet	Painted		A
7	720	Bedroom	761	Wet	Painted		A
7	720	Restroom	762	Wet	Painted		A
7	721	LAundry Room	763	Wet	Painted		A
7	724	Living Room	764	Wet	Damaged Sprinkler	Something hanging on sprinkler	A
7	724	Closet Bedroom	765	Wet	Painted		A
7	724	Bedroom	766	Wet	Damaged Sprinkler	Something hanging on sprinkler	A
7	724	LAundry Room	767	Wet	Painted		A
7	725	Entire Unit	768	Wet	No Access	No Key	A
7	726	LAundry Room	769	Wet	Covered		A
7	726	Restroom	770	Wet	Painted		A
7	726	Sunroom	771	Wet	Painted		B
7	727	Restroom	772	Wet	Painted		A
7	727	Kitchen	773	Wet	Painted		A
7	728	Restroom	774	Wet	Painted		A
7	728	Kitchen	775	Wet	Painted		A
7	728	LAundry Room	776	Wet	Painted		A
7	729	Kitchen	777	Wet	Painted		A
7	729	LAundry Room	778	Wet	Painted		A

7	729	Restroom	779	Wet	Painted		A
7	731	LAundry Room	780	Wet	Painted		A
7	731	Bedroom	781	Wet	Painted		A
7	733	Foyer	782	Wet	Painted		A
7	733	LAundry Room	783	Wet	Painted		A
7	733	Bedroom	784	Wet	Painted		A
7	733	Hallway	785	Wet	Painted		A
7	734	Hallway	786	Wet	Painted		A
7	734	Closet Bedroom	787	Wet	Painted		A
7	734	LAundry Room	788	Wet	Painted		A
7	735	Dining Room	789	Wet	Painted		A
7	735	Hallway	790	Wet	Painted		A
7	735	Restroom	791	Wet	Painted		A
7	735	LAundry Room	792	Wet	Painted		A
7	737	Hallway	793	Wet	Painted		A
7	737	Closet Bedroom	794	Wet	Painted		A
7	737	Bedroom	795	Wet	No Access	Tenant Refusal	A
7	738	Entire Unit	796	Wet	No Access	PET	A
7	739	Dining Room	797	Wet	Painted		A
7	739	Bedroom	798	Wet	Painted	PET	A
7	739	Closet Bedroom	799	Wet	Painted		A
7	740	LAundry Room	800	Wet	Painted		A
7	740	Bedroom	801	Wet	Painted		A
7	740	Closet Bedroom	802	Wet	Painted		A
7	740	Hallway	803	Wet	Painted		A
7	740	Closet Bedroom	804	Wet	Painted		A
8	802	Bedroom	805	Wet	Painted		A
8	803	Breezeway	806	Dry	Painted		C
8	803	Entire Unit	807	Wet	No Access	No Key	A
8	804	Bedroom	808	Wet	Painted		A
8	804	Living Room	809	Wet	Painted		A
8	807	Breezeway	810	Dry	Painted		C
8	808	Breezeway	811	Dry	Painted		C
8	807	LAundry Room	812	Wet	Painted		A
8	807	Hallway	813	Wet	Painted		A
8	807	Bedroom	814	Wet	Painted		A
8	808	Dining Room	815	Wet	Painted		A
8	808	Bedroom	816	Wet	No Access	LOCKED	A
8	808	Bedroom	817	Wet	No Access	LOCKED	A
8	809	Entire Unit	818	Wet	No Access		A
8	811	Breezeway	819	Dry	Painted		C
8	811	Breezeway	820	Dry	Painted		C
8	812	Breezeway	821	Dry	Painted		C
8	812	Breezeway	822	Dry	Painted		C
8	812	Dining Room	823	Wet	Painted		A
8	812	Hallway	824	Wet	Painted		A
8	812	Bedroom	825	Wet	Painted		A
8	814	Breezeway	826	Dry	Painted		D
8	814	Breezeway	827	Dry	Painted		D

8	814	Breezeway	828	Dry	Painted		D
8	814	Breezeway	829	Dry	Painted		D
8	815	Entire Unit	830	Wet	No Access	PET	A
8	816	Living Room	831	Wet	Painted		F
8	816	Restroom	832	Wet	Painted		F
8	817	Breezeway	833	Dry	Painted		C
8	817	Living Room	834	Wet	Painted		A
8	817	Bedroom	835	Wet	Adjust Sprinkler		B
8	817	Bedroom	836	Wet	Needs Plate		B
8	818	LAundry Room	837	Wet	Painted		A
8	818	Bedroom	838	Wet	Painted		A
8	819	Foyer	839	Wet	Painted		A
8	819	Living Room	840	Wet	Painted		A
8	820	Entire Unit	841	Wet	No Access	Tenant Refusal	A
8	821	Breezeway	842	Dry	Painted		C
8	821	Bedroom	843	Wet	Painted		A
8	821	Restroom	844	Wet	Painted		A
8	821	Dining Room	845	Wet	Painted		A
8	823	Kitchen	846	Wet	Painted		A
8	824	Closet Bedroom	847	Wet	No Access	PET	A
8	825	Breezeway	848	Dry	Painted		C
8	825	Breezeway	849	Dry	Painted		C
8	825	Breezeway	850	Dry	Painted		C
8	826	Breezeway	851	Dry	Painted		C
8	825	Entire Unit	852	Wet	No Access	PET	A
8	827	Entire Unit	853	Wet	No Access	PET	A
8	829	Bedroom	854	Wet	Painted		F
8	829	Breezeway	855	Dry	Painted		D
8	829	Breezeway	856	Dry	Painted		D
8	829	Breezeway	857	Dry	Painted		D
8	829	Breezeway	858	Dry	Painted		D
8	830	Bedroom	859	Wet	Painted		F
8	830	Living Room	860	Wet	Painted		F
8	830	Kitchen	861	Wet	Painted		F
8	830	LAundry Room	862	Wet	Painted		F
8	830	Bedroom	863	Wet	Painted		F
8	830	Restroom	864	Wet	Painted		F
8	830	Restroom	865	Wet	Painted		F
8	831	Entire Unit	866	Wet	No Access	No Key	A
8	832	Entire Unit	867	Wet	No Access	No Key	A
9	902	Bedroom	868	Wet	Painted		B
9	902	Sunroom	869	Wet	Painted		A
9	902	Living Room	870	Wet	Damaged Sprinkler		A
9	903	Entire Unit	871	Wet	No Access	No Key	A
9	904	LAundry Room	872	Wet	Painted		A
9	906	Entire Unit	873	Wet	No Access	No Key	A
9	909	Entire Unit	874	Wet	No Access	No Key	A
9	910	Entire Unit	875	Wet	No Access	Tenant Refusal	A
9	913	LAundry Room	876	Wet	Painted		A

9	915	Entire Unit	877	Wet	No Access	No Key	A
9	918	Closet Bedroom	878	Wet	Painted		B
9	921	Entire Unit	879	Wet	No Access	Tenant Refusal	A
9	922	Entire Unit	880	Wet	No Access	Tenant Refusal	A
9	925	Bedroom	881	Wet	Painted		B
9	926	Kitchen	882	Wet	Painted	PET	A
9	926	Hallway	883	Wet	Painted		A
9	926	Bedroom	884	Wet	No Access	PET	A
9	927	Hallway	885	Wet	Painted		B
9	931	Closet Bedroom	886	Wet	Painted		B
9	931	LAundry Room	887	Wet	Painted		B
9	932	Closet Bedroom	888	Wet	Painted		B
9	934	LAundry Room	889	Wet	Painted		A
9	937	Entire Unit	890	Wet	No Access	No Key	A
9	942	Entire Unit	891	Wet	No Access	No Key	A
9	946	Hallway	892	Wet	Painted		A
9	946	LAundry Room	893	Wet	Painted		A
9	946	Bedroom	894	Wet	Painted		A
9	947	Kitchen	895	Wet	Painted		B
9	947	Closet Bedroom	896	Wet	Painted		B
9	948	Closet Bedroom	897	Wet	Painted		B
9	948	Bedroom	898	Wet	Painted		B
9	954	LAundry Room	899	Wet	Painted		A
9	954	Closet Bedroom	900	Wet	Painted		A
9	955	Foyer	901	Wet	Painted		A
9	956	Entire Unit	902	Wet	No Access	No Key	A
9	958	Entire Unit	903	Wet	No Access	No Key	A

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**Report of Inspection / Test**

**Sprinkler Deficiency Report**

July 10, 2016



2450 Meadowbrook Pkwy  
 Duluth GA, 30096  
 Office: 770-506-2388

**Inspection Site**

**Customer**

***Nevadan Apartments***  
 5501 Glenridge Drive NE  
 Atlanta GA 30342

***The Nevadan Apartments***  
 5501 Glenridge Drive NE  
 Atlanta GA 30342

Conducted by: Kevin Harvey  
 Inspection reference: ABS167492G

Contact Phone (404) 255-4821

**Sprinkler System Deficiency Summary**

*The following items were found to be deficient and do not meet the requirements of applicable code at the time of inspection. Items marked as recommendations are not required by the applicable code but are opportunities to improve the Life Safety of the property.*

Test	Notes	Price
Cubby hole - Control Valve - Signs - Fail	Buildings 1,2,3,4,5,6,7,8,9 missing	
Cubby hole - Control Valve - Tamper - Fail - Electric Tamper	All wet systems are not secure, tampers and locks need to be installed	
- Cubby hole - Control Valve - Signs - Fail	Buildings 1,2,3,4,5,6,7,8,9 missing	
Cubby hole - Control Valve - Tamper - Fail - Electric Tamper	All wet systems are not secure, tampers and locks need to be installed	
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Cubby hole - Control Valve - Tamper - Fail - Electric Tamper	All wet systems are not secure, tampers and locks need to be installed	
-	All wet systems are not secure, tampers and locks need to be installed	
Cubby hole - Control Valve - Tamper - Fail - Electric Tamper	Buildings 1,2,3,4,5,6,7,8,9 missing	
- Cubby hole - Control Valve - Signs - Fail	All wet systems are not secure, tampers and locks need to be installed	
Cubby hole - Control Valve - Tamper - Fail - Electric Tamper	Buildings 1,2,3,4,5,6,7,8,9 missing	
- Cubby hole - Control Valve - Signs - Fail	All wet systems are not secure, tampers and locks need to be installed	
Cubby hole - Control Valve - Tamper - Fail - Electric Tamper	Buildings 1,2,3,4,5,6,7,8,9 missing	
- Cubby hole3 - Control Valve - Signs - Fail	All wet systems are not secure, tampers and locks need to be installed	
Cubby hole3 - Control Valve - Tamper - Fail - Electric Tamper	Buildings 1,2,3,4,5,6,7,8,9 missing	
- Cubby hole3 - Control Valve - Signs - Fail	All wet systems are not secure, tampers and locks need to be installed	
Cubby hole3 - Control Valve - Tamper - Fail - Electric Tamper	Buildings 1,2,3,4,5,6,7,8,9 missing	
- Cubby hole3 - Control Valve - Signs - Fail	All wet systems are not secure, tampers and locks need to be installed	
Cubby hole3 - Control Valve - Tamper - Fail - Electric Tamper	Building 9 has a dry system down	
-		
General Questions: Wet System - Has the system remained in service without modification since the last inspection? - No		
General Questions: Wet System - Was the system free of actuation of devices or alarms since the last inspection? - No		
General Questions: Wet System - Has an internal inspection been performed within the past 5 years? - No		
General Questions: Wet System - Has an internal inspection been performed within the past 5 years? - No		

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2 tripped dry systems

Due on all dry systems and valves

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General Questions: Wet System - Hydraulic nameplate, if provided, securely attached to the riser and legible? - No	Not on site
General Questions: Wet System - Visible and accessible? - No	Maintenance shop has a lot of material stacked around system
General Questions: Wet System - Couplings and swivels not damaged and rotate smoothly? - No	Building 4 and 9 have seized FDC
General Questions: Wet System - Free from external corrosion? - No	See walk sheet
General Questions: Wet System - Free from external loads? - No	Building 3 has several electrical flex conduit strapped to the pipe. Also someone has chained jet skis to a low hanging main
General Questions: Wet System - Was an obstruction investigation conducted and the system flushed? - No	Due on all dry systems and valves
General Questions: Wet System - Free of mechanical damage and not leaking? - No	See walk sheet
General Questions: Wet System - Visible pipe hangers and seismic braces not damaged or loose? - No	See walk sheet
General Questions: Wet System - Spare Sprinkler box installed with Spare heads and Spare head wrench? - No	Not on site
	See walk sheet
General Questions: Wet System - Free from corrosion? - No	
General Questions: Wet System - Free of foreign materials including paint? - No	See walk sheet
General Questions: Wet System - Fire Sprinkler in proper orientation? - No	See walk sheet
General Questions: Wet System - Proper number and type of spare sprinklers? - No	Not on site
General Questions: Wet System - Free of physical damage? - No	See walk sheet
General Questions: Wet System - Dry Type sprinklers in service for less than 10 years? If (NO) test sample required now and every 10 years - No	Heads in breezeways look like original heads but most are painted. Please have a tech make sure these are dry.
General Questions: Wet System - Are gauges less than 5 years old? - No	All gauges need to be replaced, 1 per system on wet
Parking area lock up - Control Valve - Signs - Fail	Missing
Parking area lock up - Control Valve - Tamper - Fail - Electric Tamper -	Non-report
Parking area lock up - Control Valve - Tamper - Fail - Electric Tamper -	Non-report
Parking area lock up - Control Valve - Tamper - Fail - Electric Tamper -	Non-report
Parking area lock up - Control Valve - Tamper - Fail - Electric Tamper -	Non-report
Parking area lock up - Control Valve - Tamper - Fail - Electric Tamper -	Non-report
Parking area lock up - Control Valve - Signs - Fail	Missing
	Deficiencies Price (Does not include items quoted at T&M): <input style="width: 100px; height: 20px; border: 1px solid black;" type="text"/>

Customer Approval

Date

Century Fire Protection Agent Approval

Date

I acknowledge and agree: full payment for work performed in due 30 days following completion of work. If full payment is not received by date due, then (i) interest shall accrue at the rate of 18% per annum beginning on the date the work was completed; (ii) CFP will proceed with all available legal remedies to collect the amount owed, including without limitation, the filing of mechanics liens; and (iii) I will pay all cost of enforced collection incurred by CFP, including, without limitation, CFP's attorneys fees, not to exceed however limitations imposed by applicable law.

**Report of Inspection / Test**

**Dry Pipe Fire Sprinkler System Inspection**

*Annual*



2450 Meadowbrook Pkwy  
Duluth GA, 30096  
Office: 770-506-2388

July 10, 2016

**Inspection Site**

**Customer**

*Nevadan Apartments*  
5501 Glenridge Drive NE

*The Nevadan Apartments*  
5501 Glenridge Drive NE

Atlanta GA 30342

Atlanta GA 30342

Conducted by: Kevin Harvey  
Inspection reference: ABS167492G

Contact Phone

(404) 255-4821

**Signatures**

Inspector / License Kevin Harvey IL:000754	Inspector - Signature	Date: 7/10/16 Time:	I state the information on this form is correct at the time and place of my inspection, and that all equipment tested at this time was left in operational condition upon completion of this inspection except as noted.
---	-----------------------	------------------------	--

**Dry Pipe Sprinkler System Inspections**

Gauges on dry pipe system in good condition and showing normal water supply pressure	Yes	Alarm devices free from physical damage?	Yes
Hydraulic nameplate, if provided, securely attached to the riser and legible?	No	Valve supervisory switches indicate movement?	Yes

**Fire Department Connection**

Visible and accessible?	Yes	Couplings and swivels not damaged and rotate smoothly?	No
Plugs and caps in place?	Yes	Gaskets in place and in good condition?	Yes
Identification Sign(s) in place?	Yes	Check Valve is not leaking?	Yes
Automatic drain valve in place and operating properly?	Yes	Interior free of obstruction if caps are not in place?	Yes
Valve clapper operational over its full range.	Yes		

**Pipe**

Free from external corrosion? Free from external loads?	Yes	Free of mechanical damage and not leaking?	Yes
Was an obstruction investigation conducted and the system flushed?	Yes	Visible pipe hangers and seismic braces not damaged or loose?	Yes
	N/A		

**Sprinklers**

Sprinkler wrench with spare sprinklers?	No	Proper number and type of spare sprinklers? Free of obstruction to spray pattern?	No
Free from corrosion	No	Free of physical damage?	Yes
Free of foreign materials including paint?	No	Fast response sprinklers in service for less than 20 years? If (NO) test sample now and every 10 years.	Yes
Are all sprinklers in service dated 1920 or later?	Yes	Dry Type sprinklers in service for less than 10 years? If (NO) test sample required now and every 10 years	Yes

**Gauges**

Are gauges less than 5 years old?	No
-----------------------------------	----

**Dry Valve**

Enclosure around dry-pipe, preaction or deluge valves maintaining a minimum of 40 F?	Yes	Interior of dry pipe, preaction and deluge valves passed internal inspection (required every 5th year)	No
Free from physical damage	Yes	No Leakage from intermediate chamber?	Yes
Trim valves in appropriate (open or closed) position?	Yes	Low air pressure signal passed test?	Yes
Are quick opening devices operational?	Yes	Automatic air maintenance devices on dry pipe and preaction systems	Yes passed?
Dry pipe system being maintained in dry condition?	Yes		

**Report of Inspection / Test**  
**Fire Sprinkler Inspection**



**Nevadan Apartments**  
 5501 Glenridge Drive NE  
 Atlanta GA 30342

July 10, 2016  
 Inspection Reference # ABS167492G

**Dry Pipe Valves**

		System No	System No	System No	System No
		1	2	3	4
System Location		Parking bldg 300	Parking 400	Parking 500	Parking 900
Valve Serial Number		330504	7627	959A	28732
Manufacturer (Name)		Viking	Viking	Viking	Viking
Valve Model		F-1	F-1	E-2	F-1
Valve Size (in inches)		4"	4"	4"	4"
Manufactured Date		1990	1990	1990	1990
Controlling Sprinklers	Location	Parking	Attic	Parking	Parking
	Approximate #	75	75	75	75
Date Last Trip Tested?		N/A	N/A	N/A	N/A
Pressure Before Test	Air (in psi.)	N/A	N/A	N/A	N/A
	Water (in psi.)	75	75	75	75
Size and Location of Test Valve					Trim 1/2"
Valve tripped at	Air Pressure	N/A	N/A	N/A	22
	Water Pressure	N/A	N/A	N/A	75
	Time	N/A	N/A	N/A	45sec
If system flooded, list time water reached test opening		N/A	N/A	N/A	ok
Valve Condition	Interior of Body	N/A	N/A	N/A	ok
	Moving Parts	N/A	N/A	N/A	ok
	Rubber Facing	N/A	N/A	N/A	ok
	Seats	N/A	N/A	N/A	ok
	Reset?	N/A	N/A	N/A	ok
Did alarms operate at trip test?		Yes	Yes	Yes	ok
All known drum drips drained?		Yes	Yes	Yes	ok
Water control valve left open and sealed?		Yes	Yes	Yes	ok
Alarm control valve left open?		Yes	Yes	Yes	ok

**Quick Opening Devices**

Device Serial Number				
Manufacturer (Name)				
Type and Model				
Air Pressure In Upper Chamber				
Quick Opening Device Tripped At				
Quick Opening Device Left In Service and Control Open and Sealed?				

**Drum Drip Locations**

Drum Drips	Parking	Cubby hole breezway	Parking	

**Remarks**

Five year is due
Bldg 3 and 6 non-working compressor

**Report of Inspection / Test**  
**Fire Sprinkler Inspection**



**Nevadan Apartments**  
 5501 Glenridge Drive NE  
 Atlanta GA 30342

July 10, 2016  
 Inspection Reference # ABS167492G

**Dry Pipe Valves**

		System No	System No	System No	System No
		5	6	7	8
System Location		Parking bldg 800			
Valve Serial Number		N/A			
Manufacturer (Name)		Reliable			
Valve Model		D			
Valve Size (in inches)		4"			
Manufactured Date		2013			
Controlling Sprinklers	Location	Attic			
	Approximate #	75			
Date Last Trip Tested?		N/A			
Pressure Before Test	Air (in psi.)	N/A			
	Water (in psi.)	0psi			
Size and Location of Test Valve					
Valve tripped at	Air Pressure	N/A			
	Water Pressure	N/A			
	Time	N/A			
If system flooded, list time water reached test opening		N/A			
Valve Condition	Interior of Body	N/A			
	Moving Parts	N/A			
	Rubber Facing	N/A			
	Seats	N/A			
	Reset?	N/A			
Did alarms operate at trip test?		Yes			
All known drum drips drained?		Yes			
Water control valve left open and sealed?		Yes			
Alarm control valve left open?		Yes			

**Quick Opening Devices**

Device Serial Number				
Manufacturer (Name)				
Type and Model				
Air Pressure In Upper Chamber				
Quick Opening Device Tripped At				
Quick Opening Device Left In Service and Control Open and Sealed?				

**Drum Drip Locations**

	Parking	Cubby hole breezway	PARKING	
Drum Drips				

**Remarks**

Five year is due
Bldg 3 and 6 non-working compressor

**Control Valve Inspection & Flow Test Summary**

**Nevadan Apartments**

<b>Location</b>	Paking deck building 300						System Density:		N/A	
<b>Control Valve</b>	Valve Type	Size	Secured	Valve Seal #	Open	Accessible	Signs	Excs	Tamper	Alarm
	Butterfly	4"	Yes		Yes	Yes	Yes	Yes	Yes	Yes
<b>Flow Test</b>	System ID	Connection Flowed	Outlet Size	Static PSI	Residual PSI	Static PSI After	Results comparable to prior year?		Tag Color	
	Bdg 300 Parking	Maindrain	2"	85	40	70	Yes		yellow	
<b>Location</b>	Parking 400						System Density:		N/A	
<b>Control Valve</b>	Valve Type	Size	Secured	Valve Seal #	Open	Accessible	Signs	Excs	Tamper	Alarm
	Butterfly	4"	Yes		Yes	Yes	Yes	Yes	Yes	Yes
<b>Flow Test</b>	System ID	Connection Flowed	Outlet Size	Static PSI	Residual PSI	Static PSI After	Results comparable to prior year?		Tag Color	
	Parking 400	Maindrain	2"	90	70	85	Yes		yellow	
<b>Location</b>	Parking 600						System Density:		N/A	
<b>Control Valve</b>	Valve Type	Size	Secured	Valve Seal #	Open	Accessible	Signs	Excs	Tamper	Alarm
	Butterfly	4"	Yes		Yes	Yes	Yes	Yes	NO	NO
<b>Flow Test</b>	System ID	Connection Flowed	Outlet Size	Static PSI	Residual PSI	Static PSI After	Results comparable to prior year?		Tag Color	
	bldg 600	Maindrain	2"	90	70	85	Yes		yellow	
<b>Location</b>	Parking 900						System Density:			
<b>Control Valve</b>	Valve Type	Size	Secured	Valve Seal #	Open	Accessible	Signs	Excs	Tamper	Alarm
	Butterfly	4"	Yes		Yes	Yes	Yes	Yes	Yes	Yes
<b>Flow Test</b>	System ID	Connection Flowed	Outlet Size	Static PSI	Residual PSI	Static PSI After	Results comparable to prior year?		Tag Color	
	Parking 900	Maindrain	2"	90	65	80	Yes		yellow	
<b>Location</b>	Parking 700						System Density:			
<b>Control Valve</b>	Valve Type	Size	Secured	Valve Seal #	Open	Accessible	Signs	Excs	Tamper	Alarm
	Butterfly	4"	Yes		Yes	Yes	Yes	Yes	Yes	Yes
<b>Flow Test</b>	System ID	Connection Flowed	Outlet Size	Static PSI	Residual PSI	Static PSI After	Results comparable to prior year?		Tag Color	
	Attic	Maindrain	2"	N/A	N/A	N/A	Yes		Red	
<b>Location</b>							System Density:			
<b>Control Valve</b>	Valve Type	Size	Secured	Valve Seal #	Open	Accessible	Signs	Excs	Tamper	Alarm
<b>Flow Test</b>	System ID	Connection Flowed	Outlet Size	Static PSI	Residual PSI	Static PSI After	Results comparable to prior year?		Tag Color	
<b>Location</b>							System Density:			
<b>Control Valve</b>	Valve Type	Size	Secured	Valve Seal #	Open	Accessible	Signs	Excs	Tamper	Alarm
<b>Flow Test</b>	System ID	Connection Flowed	Outlet Size	Static PSI	Residual PSI	Static PSI After	Results comparable to prior year?		Tag Color	



**Report of Inspection / Test**

**Sprinkler Deficiency Report**

July 10, 2016



2450 Meadowbrook Pkwy  
Duluth GA, 30096  
Office: 770-506-2388

**Inspection Site**

**Customer**

**Nevadan Apartments**  
5501 Glenridge Drive NE

**The Nevadan Apartments**  
5501 Glenridge Drive NE

Atlanta GA 30342

Atlanta GA 30342

Conducted by: Kevin Harvey  
Inspection reference: ABS167492G

Contact Phone

4042554821

**Dry Pipe Sprinkler System Deficiency Summary**

*The following items were found to be deficient and do not meet the requirements of applicable code at the time of inspection. Items marked as recommendations are not required by the applicable code but are opportunities to improve the Life Safety of the property.*

Deficiencies	Description & Necessary Action	Price
Hydraulic nameplate, if provided, securely attached to the riser and legible?	No Not on site	
Couplings and swivels not damaged and rotate smoothly?	No Bldg 900	
Sprinkler wrench with spare sprinklers?	No Not on site	
Free from corrosion?	No See walk sheet	
Free of foreign materials including paint?	No See walk sheet	
Proper number and type of spare sprinklers?	No Not on site	
Are gauges less than 5 years old?	No 4 wet gauges and 4 air gauges needed	
Interior of dry pipe, preaction and deluge valves passed internal inspection (required every 5th year)	No Over due	

Deficiencies Price (Does not include items quoted at T&M): \$ -

Customer Approval

Date

Century Fire Protection Agent Approval

Date

I acknowledge and agree: full payment for work performed is due 30 days following completion of work. If full payment is not received by date due, then (i) interest shall accrue at the rate of 18% per annum beginning on the date the work was completed; (ii) CFP will proceed with all available legal remedies to collect the amount owed, including without limitation, the filing of mechanics liens; and (iii) I will pay all cost of enforced collection incurred by CFP, including, without limitation, CFP's attorneys fees, not to exceed however limitations imposed by applicable law.

**Report of Inspection / Test**

**Fire Sprinkler Inspection  
Dry Systems**

July 10, 2016

**Annual**



2450 Meadowbrook Pkwy  
Duluth GA, 30096  
Office: 770-506-2388

**Inspection Site**

**Customer**

*Nevadan Apartments*  
5501 Glenridge Drive NE

*The Nevadan Apartments*  
5501 Glenridge Drive NE

Atlanta GA 30342

Atlanta GA 30342

Conducted by: Kevin Harvey  
Inspection reference: ABS167492G

Contact Phone

(404) 255-4821

***Dry Systems NFPA 13 Recommendations***

Dry valve on 300 non-working compressor and valve tripped. Compressor is behind material with no access.

Needs Full trip, Five Year, and Gauges

Fu



**Report of Inspection / Test**

**Fire Hydrant Flow Test** July  
10, 2016



2450 Meadowbrook Pkwy  
Duluth GA, 30096  
Office: 770-506-2388

**Inspection Site**

*Nevadan Apartments*  
5501 Glenridge Drive NE

**Customer**

*The Nevadan Apartments*  
5501 Glenridge Drive NE

Atlanta GA 30342

Atlanta GA 30342

Conducted by: Kevin Harvey  
Inspection reference: ABS167492G

Contact Phone

4042554821

**Signatures**

Inspector / License  Kevin Harvey IL:000754	Inspector - Signature	Date: 7/10/16  Time:	I state the information on this form is correct at the time and place of my inspection, and that all equipment tested at this time was left in operational condition upon completion of this inspection except as noted.
---	-----------------------	----------------------------	--

**Hydrant information**

Hydrant ID:	A1	A2	A3	A4
Manufacturer:	MH	MH	MH	MH
Year of Manufacture:	1989	1989	1989	1989
Model:	445310	445310	445310	445310
Size:	4.5	4.5	4.5	4.5

**Flow Test**

Hydrants ID:	A1	A2	A3	A4
Outlet Size:	2.00	2.00	2.00	2.00
Pitot Reading:	18	20	22	20
Coefficient:	1.310	1.310	1.310	1.310
GPM:	<b>663</b>	<b>699</b>	<b>733</b>	<b>699</b>
Static B (psi):	45	45	45	45
Residual B (psi):	35	35	35	35
Minutes Flowed:	2.00	2.00	2.00	2.00
Estimated consumption:	1326	1398	1466	1398
Projected results at 20 PSI:	<b>1088</b>	<b>1147</b>	<b>1202</b>	<b>1147</b>
Projected results at 0 PSI:	<b>1494</b>	<b>1575</b>	<b>1652</b>	<b>1575</b>

**See map the following information:**

Flowing hydrants - labeled A1, A2, A3 etc.

Location of static and residual gauge - label B1, B2, B3 etc.

Static & Residual readings taken at: Hydrant  Sprinkl  Other: \_\_\_\_\_

Witness: \_\_\_\_\_

Purpose of Test: \_\_\_\_\_ Annual Flow

Is Hydrant serviced by a fire pump? \_\_\_\_\_ No

Was flow test assisted by fire pump?

No

---

**Report of Inspection / Test****Fire Hydrant Visual Inspection**

July 10, 2016

2450 Meadowbrook Pkwy  
Duluth, GA 30096

Office: 770-506-2388

Fax: 770-506-2878

**Inspection Site*****Nevadan Apartments***

5501 Glenridge Drive NE

Atlanta GA 30342

Contact Phone

**Customer*****The Nevadan Apartments***

5501 Glenridge Drive NE

Atlanta GA 30342

4042554821

Conducted by: Kevin Harvey  
Inspection reference: ABS167492G***Visual Inspection***

<b>Hydrants ID:</b>	<b>A1</b>	<b>A2</b>	<b>A3</b>	<b>A4</b>	<b>Notes</b>
Hydrants Inspected annually & after each operation (NFPA 25, 7.2.2.5)	Yes	Yes	Yes	Yes	
Mainline strainers maintenance annually & after each operation (NFPA 25, 7.4.2)	Yes	Yes	Yes	Yes	
Piping (exposed & underground) flow test every 5 years (NFPA 25, 7.3.1)	Yes	Yes	Yes	Yes	
Hydrants shall be accessible for use by fire department (NFPA 25, 7.2.2.5)	Yes	Yes	Yes	Yes	
No leaks in outlets or at top of hydrant (NFPA 25, 7.2.2.5)	Yes	Yes	Yes	Yes	
No cracks in hydrant barrel (NFPA 25, 7.2.2.5)	Yes	Yes	Yes	Yes	
Hydrant outlets tight (NFPA 25, 7.2.2.5)	Yes	Yes	Yes	Yes	
Hydrant nozzle threads not worn (NFPA 25, 7.2.2.5)	Yes	Yes	Yes	Yes	
Hydrant operating nut not worn (NFPA 25, 7.2.2.5)	Yes	Yes	Yes	Yes	
Each hydrant opened fully and water flowed until all foreign material has cleared (NFPA 25, 7.3.2.1)	Yes	Yes	Yes	Yes	
Each hydrant flow shall be maintained for 1 minute (NFPA 25, 7.3.2.2)	Yes	Yes	Yes	Yes	
Full drainage of each hydrant shall take no longer than 60 minutes (NFPA 25, 7.3.2.4)	Yes	Yes	Yes	Yes	
Hydrants shall be lubricated annually to ensure all stems, caps, plugs, and threads are in proper operating condition. (NFPA 25, 7.4.3.1)	Yes	Yes	Yes	Yes	
Hydrants painted silver with orange reflective tape around bonnett	Yes	Yes	Yes	Yes	

**Report of Inspection / Test**

**Fire Hydrant Flow Test** July

10, 2016



2450 Meadowbrook Pkwy  
Duluth GA, 30096  
Office: 770-506-2388

**Inspection Site**

*Nevadan Apartments*  
5501 Glenridge Drive NE

Atlanta GA 30342

Contact Phone

**Customer**

*The Nevadan Apartments*  
5501 Glenridge Drive NE

Atlanta GA 30342

4042554821

Conducted by: Kevin Harvey  
Inspection reference: ABS167492G

**Signatures**

Inspector / License  Kevin Harvey IL:000754	Inspector - Signature	Date: 7/10/16  Time:	I state the information on this form is correct at the time and place of my inspection, and that all equipment tested at this time was left in operational condition upon completion of this inspection except as noted.
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**Hydrant information**

Hydrant ID:	A5	A6	A7	
Manufacturer:	MH	CLOW	MH	
Year of Manufacture:	1989	N/A	1989	
Model:	445310	317	445310	
Size:	4.5	4.5	4.5	

**Flow Test**

Hydrants ID:	A5	A6	A7	
Outlet Size:	2.00	2.00	2.00	
Pitot Reading:	20	22	19	
Coefficient:	1.310	1.310	1.310	
GPM:	<b>699</b>	<b>733</b>	<b>681</b>	
Static B (psi):	45	45	45	
Residual B (psi):	35	35	35	
Minutes Flowed:	2.00	2.00	2.00	
Estimated consumption:	1398	1466	1363	
Projected results at 20 PSI:	<b>1147</b>	<b>1202</b>	<b>1118</b>	
Projected results at 0 PSI:	<b>1575</b>	<b>1652</b>	<b>1535</b>	

**See map the following information:**

Flowing hydrants - labeled A1, A2, A3 etc.

Location of static and residual gauge - label B1, B2, B3 etc.

Static & Residual readings taken at: Hydrant  Sprinkl  Other: \_\_\_\_\_

Witness: \_\_\_\_\_

Purpose of Test: \_\_\_\_\_ Annual Flow

Is Hydrant serviced by a fire pump? \_\_\_\_\_ No

Was flow test assisted by fire pump?

No

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**Report of Inspection / Test****Fire Hydrant Visual Inspection**

July 10, 2016

2450 Meadowbrook Pkwy  
Duluth, GA 30096

Office: 770-506-2388

Fax: 770-506-2878

**Inspection Site*****Nevadan Apartments***

5501 Glenridge Drive NE

Atlanta GA 30342

Contact Phone

**Customer*****The Nevadan Apartments***

5501 Glenridge Drive NE

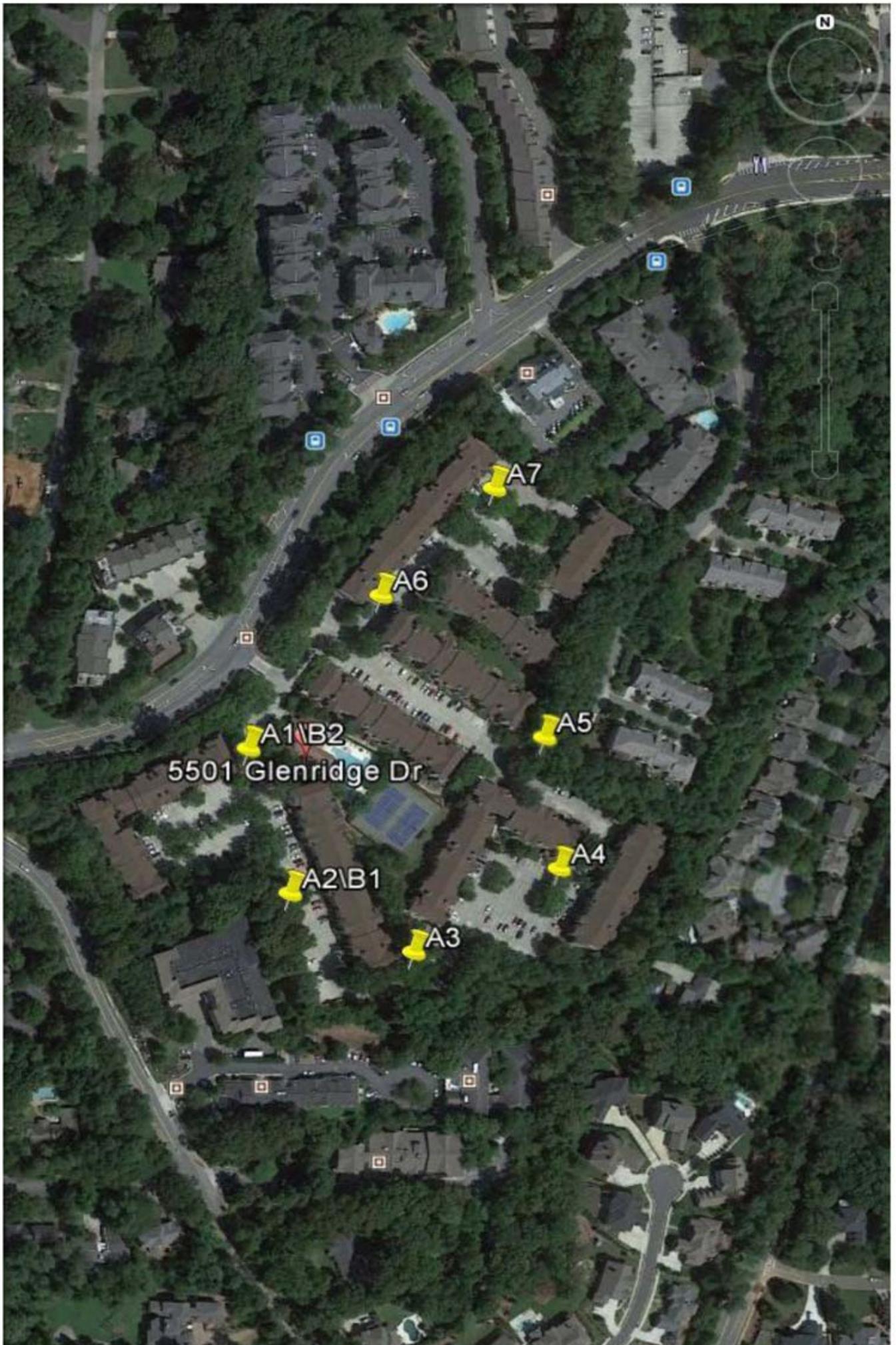
Atlanta GA 30342

4042554821

Conducted by: Kevin Harvey  
Inspection reference: ABS167492G***Visual Inspection***

<b>Hydrants ID:</b>	<b>A5</b>	<b>A6</b>	<b>A7</b>		<b>Notes</b>
Hydrants Inspected annually & after each operation (NFPA 25, 7.2.2.5)	Yes	Yes	Yes		
Mainline strainers maintenance annually & after each operation (NFPA 25, 7.4.2)	Yes	Yes	Yes		
Piping (exposed & underground) flow test every 5 years (NFPA 25, 7.3.1)	Yes	Yes	Yes		
Hydrants shall be accessible for use by fire department (NFPA 25, 7.2.2.5)	Yes	Yes	Yes		
No leaks in outlets or at top of hydrant (NFPA 25, 7.2.2.5)	Yes	Yes	Yes		
No cracks in hydrant barrel (NFPA 25, 7.2.2.5)	Yes	Yes	Yes		
Hydrant outlets tight (NFPA 25, 7.2.2.5)	Yes	Yes	Yes		
Hydrant nozzle threads not worn (NFPA 25, 7.2.2.5)	Yes	Yes	Yes		
Hydrant operating nut not worn (NFPA 25, 7.2.2.5)	Yes	Yes	Yes		
Each hydrant opened fully and water flowed until all foreign material has cleared (NFPA 25, 7.3.2.1)	Yes	Yes	Yes		
Each hydrant flow shall be maintained for 1 minute (NFPA 25, 7.3.2.2)	Yes	Yes	Yes		
Full drainage of each hydrant shall take no longer than 60 minutes (NFPA 25, 7.3.2.4)	Yes	Yes	Yes		
Hydrants shall be lubricated annually to ensure all stems, caps, plugs, and threads are in proper operating condition. (NFPA 25, 7.4.3.1)	Yes	Yes	Yes		
Hydrants painted silver with orange reflective tape around bonnett	Yes	Yes	Yes		





5501 Glenridge Dr



A1/B2



A2/B1



A3



A4



A5



A6



A7

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**Report of Inspection / Test**  
**Backflow Prevention Assembly Test Report**

7/10/2016  
 Time:  
 12:00 PM



2450 Meadowbrook Pkwy  
 Duluth GA, 30096  
 770-506-2388

<b>BUSINESS NAME:</b> Nevadan Apartments		<b>IRRIGATION</b>	<b>DOMESTIC</b>	<b>FIRE</b>	<b>OTHER</b>
<b>CONTACT NAME:</b> Contact Phone					
<b>MAILING ADDRESS:</b> 5501 Glenridge Drive NE Atlanta GA 30342		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>SERVICE ADDRESS:</b> 5501 Glenridge Drive NE Atlanta GA 30342		<b>METER # (S/N)</b> 1834581873		<b>METER READING:</b> 25481873	
<b>LOCATION OF DEVICE:</b>		<b>INSTALLATION DATE:</b>			
<b>DEVICE TYPE</b>	<b>MANUFACTURER</b>	<b>MODEL</b>	<b>SIZE</b>	<b>SERIAL #</b>	
DC	WATTS	774	8"	1052260902	
<b>Orientation:</b>	<b>Protection:</b>	<b>Line Pressure at time of test:</b>	<b>Pressure drop across first check valve:</b>		
<input type="checkbox"/> Vertical Up <input type="checkbox"/> Vertical Down <input checked="" type="checkbox"/> Horizontal	<input type="checkbox"/> Containment <input type="checkbox"/> Isolation	60	1.2		
	<b>CHECK VALVE NO. 1</b>	<b>CHECK VALVE NO. 2</b>	<b>DIFFERENTIAL PRESSURE RELIEF VALVE</b>		
<b>INITIAL TEST</b>	1. Leaked <input checked="" type="checkbox"/> 2. Closed tight <input type="checkbox"/>	1. Leaked <input type="checkbox"/> 2. Closed tight <input checked="" type="checkbox"/>	1. Reduced pressure. <input type="checkbox"/> 2. Did not open <input type="checkbox"/>		
	<b>REPAIRS</b>	Cleaned Replaced: Disc <input type="checkbox"/> Spring <input type="checkbox"/> Guide <input type="checkbox"/> Pin retainer <input type="checkbox"/> Hinge pin <input type="checkbox"/> Seal <input type="checkbox"/> Diaphragm <input type="checkbox"/> Other, describe <input type="checkbox"/>	Cleaned Replaced: Disc <input type="checkbox"/> Spring <input type="checkbox"/> Guide <input type="checkbox"/> Pin retainer <input type="checkbox"/> Hinge pin <input type="checkbox"/> Seal <input type="checkbox"/> Diaphragm <input type="checkbox"/> Other, describe <input type="checkbox"/>	Cleaned <input type="checkbox"/> Replaced: Disc, upper <input type="checkbox"/> Disc, lower <input type="checkbox"/> Spring <input type="checkbox"/> Diaphragm, large Upper <input type="checkbox"/> Lower <input type="checkbox"/> Diaphragm, small Upper <input type="checkbox"/> Lower <input type="checkbox"/> Spacer, lower <input type="checkbox"/> Other, describe: <input type="checkbox"/>	
<b>FINAL TEST</b>	PSI #1 Check 0.0 Closed tight <input type="checkbox"/>	PSI #2 Check 1.2 Closed tight <input checked="" type="checkbox"/>	Opened at: _____		
<b>NOTIFICATION:</b>	Alarm Company/Fire Department Notified: _____				
Person Notified: _____	Turn off Date/Time: _____		Notified By: _____		
<b>DEVICE</b>	Passed <input type="checkbox"/>	Failed <input checked="" type="checkbox"/>	Test Kit Serial #: 3130375		
<b>COMMENTS</b>	_____				
<b>REMARKS</b>	_____				
<b>THE ABOVE REPORT IS CERTIFIED TO BE TRUE</b>					
Tester Name: Kevin Harvey					
Tester Signature: _____					

FINAL TEST BY:	
Tester Certificate:	T06-16-11281

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**Report of Inspection / Test**  
**Backflow Prevention Assembly Test Report**

7/10/2016  
 Time:  
 12:00 PM



2450 Meadowbrook Pkwy  
 Duluth GA, 30096  
 770-506-2388

<b>BUSINESS NAME:</b> Nevadan Apartments		<b>IRRIGATION</b>	<b>DOMESTIC</b>	<b>FIRE</b>	<b>OTHER</b>
<b>CONTACT NAME:</b> Contact Phone					
<b>MAILING ADDRESS:</b> 5501 Glenridge Drive NE Atlanta GA 30342		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<b>SERVICE ADDRESS:</b> 5501 Glenridge Drive NE Atlanta GA 30342		<b>METER # (S/N)</b> 1834581873		<b>METER READING:</b> 25481873	
<b>LOCATION OF DEVICE:</b>		<b>INSTALLATION DATE:</b>			
<b>DEVICE TYPE</b>	<b>MANUFACTURER</b>	<b>MODEL</b>		<b>SIZE</b>	<b>SERIAL #</b>
RP	WATTS	009M3		3/4"	A76757
<b>Orientation:</b>	<b>Protection:</b>	<b>Line Pressure at time of test:</b>		<b>Pressure drop across first check valve:</b>	
<input type="checkbox"/> Vertical Up <input type="checkbox"/> Vertical Down <input checked="" type="checkbox"/> Horizontal	<input type="checkbox"/> Containment <input type="checkbox"/> Isolation	60		10	
	<b>CHECK VALVE NO. 1</b>	<b>CHECK VALVE NO. 2</b>	<b>DIFFERENTIAL PRESSURE RELIEF VALVE</b>		
<b>INITIAL TEST</b>	1. Leaked <input type="checkbox"/> 2. Closed tight <input checked="" type="checkbox"/>	1. Leaked <input type="checkbox"/> 2. Closed tight <input checked="" type="checkbox"/>	1. Reduced pressure. <input type="checkbox"/> 2. Did not open <input type="checkbox"/>		
	Cleaned <input type="checkbox"/>	Cleaned <input type="checkbox"/>	Cleaned <input type="checkbox"/>		
<b>REPAIRS</b>	Replaced:	Replaced:	Replaced:		
	Disc <input type="checkbox"/> Spring <input type="checkbox"/> Guide <input type="checkbox"/> Pin retainer <input type="checkbox"/> Hinge pin <input type="checkbox"/> Seal <input type="checkbox"/> Diaphragm <input type="checkbox"/> Other, describe <input type="checkbox"/>	Disc <input type="checkbox"/> Spring <input type="checkbox"/> Guide <input type="checkbox"/> Pin retainer <input type="checkbox"/> Hinge pin <input type="checkbox"/> Seal <input type="checkbox"/> Diaphragm <input type="checkbox"/> Other, describe <input type="checkbox"/>	Disc, upper <input type="checkbox"/> Disc, lower <input type="checkbox"/> Spring <input type="checkbox"/> Diaphragm, large Upper <input type="checkbox"/> Lower <input type="checkbox"/> Diaphragm, small Upper <input type="checkbox"/> Lower <input type="checkbox"/> Spacer, lower <input type="checkbox"/> Other, describe: <input type="checkbox"/>		
	<b>PSI #1 Check</b>	<b>PSI #2 Check</b>			
	9.0	1.0			
<b>FINAL TEST</b>	Closed tight <input checked="" type="checkbox"/>	Closed tight <input checked="" type="checkbox"/>	Opened at : 2.4		
<b>NOTIFICATION:</b>	Alarm Company/Fire Department Notified: _____				
Person Notified: _____	Notified By: _____				
Turn off Date/Time: _____	Turn on Date/Time: _____				
<b>DEVICE</b>	Passed <input checked="" type="checkbox"/>	Failed <input type="checkbox"/>	<b>Test Kit Serial #:</b> 3130375		
<b>COMMENTS</b>					
<b>REMARKS</b>	<p><b>THE ABOVE REPORT IS CERTIFIED TO BE TRUE</b></p> <p>Tester Name: Kevin Harvey</p>				

Tester Signature:	
FINAL TEST BY:	
Tester Certificate:	T06-16-11281

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EXHIBIT C

[see attached]



**ASSIGNMENT AND ASSUMPTION OF PURCHASE AGREEMENT**

THIS ASSIGNMENT AND ASSUMPTION OF PURCHASE AGREEMENT (this "Assignment") is entered into as of October 13, 2016 by and between CARROLL ACQUISITIONS, LLC, a Georgia limited liability company ("Assignor"), and BR CARROLL GLENRIDGE, LLC, a Delaware limited liability company ("Assignee").

**WITNESSETH:**

WHEREAS, Assignor and RPG GLENRI DGE LLC, a Delaware limited liability company ("Seller"), entered into that certain Sale-Purchase Agreement dated August 12, 2016, as amended by that First Amendment of Sale-Purchase Agreement dated August 19, 2016, as further amended by that Second Amendment of Sale-Purchase Agreement dated August 24, 2016, as further amended by that Third Amendment of Sale-Purchase Agreement dated August 25, 2016 (as amended, the "Agreement"), with respect to that certain real property and related appurtenances commonly known as the Nevadan Apartments, and located in Atlanta, Georgia, al l as more particularly described in the Agreement (the "Property"); and

WHEREAS, Assignor desires to assign all of Assignor's right, title and interest in and to the Agreement to Assignee so that Assignee may acquire the Property;

NOW THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the parties agree as follows:

1. Assignment. Effective as of the date hereof, Assignor hereby assigns, conveys, transfers and sets over to Assignee all of Assignor's right, title and interest in, to and under the Agreement and Assignee shall succeed to all of Assignor's right, title and interests in, to and under the Agreement effective as of the date hereof, including, without limitation, the Downpayment (as such term is defined in the Agreement) deposited by Assignor pursuant to the Agreement.

2. Assumption. Assignee hereby accepts the foregoing assignment and assumes all of the rights, duties, obligations and liabilities of Assignor in, to and under the Agreement, relating to,with respect to or in connection with the Agreement, whenever arising or accruing. Notwithstanding such assignment, Assignor is not released from and shall also remain fully liable for all liabilities, and the timely performance of all duties and obligations of the Purchaser (as such term is defined in the Agreement) under the Agreement.

3. Governing Law. This Assignment shall be governed by and construed i n accordance with the substantive internal laws of the State of Georgia without regard to the principles of conflicts of laws.

4. Binding Effect. This Assignment shall be binding upon and inure to the benefit of Assignor, Assignee and their respective successors and assigns. The parties shall execute and deliver such further and additional instruments, agreements, and other documents as may be necessary to evidence or carry out the provisions of this Assignment.

5. Counterparts. This Assignment may be executed by the parties in counterparts, in which event the signature pages thereof shall be combined in order to constitute a single original document. Signatures to this Assignment transmitted by facsimile or email shall be binding on the party transmitting such signatures and such party shall not use as a defense against the enforceability of this Assignment the fact that such signature so transmitted is not an original.

IN WITNESS WHEREOF, the parties have executed this Assignment as their free and voluntary act and deed, on the date indicated above.

ASSIGNOR:

CARROLL ACQUISITIONS, LLC, a Georgia  
limited liability company

By: /s/ Josh Champion

Name: Josh Champion

Title: Authorized Signatory

ASSIGNEE:

BR CARROLL GLENRIDGE, LLC, a Delaware  
limited liability company

By: /s/ Jordan Ruddy

Name: Jordan Ruddy

Title: Authorized Signatory



Floating Rate Calculation Periods:	From and including the first (1st) day of each month to but excluding the first (1st) day of the following month starting with the Effective Date and continuing up to but excluding the Termination Date, with No Adjustment to Period End Dates.
Initial Period:	From and including the Effective Date to but excluding November 1, 2016.
Floating Rate Option:	British Bankers Association's ("BBA"), as now administered by ICE Benchmark Administration Limited ("ICE") one-month LIBOR Rate for United States Dollar deposits as of 11:00 a.m. (London time) on the first London Banking Day preceding the applicable Reset Date (the "Index"); provided, however, that if the BBA/ICE USD LIBOR Rate is not published as set forth above for any Reset Date during the Term, the Calculation Agent, in consultation with the Federal Home Loan Mortgage Corporation ("Freddie Mac"), will determine an appropriate index as a substitute for the Index on such Reset Date.
Floating Rate Day Count Fraction:	Actual/360
Reset Dates:	First day of each Calculation Period.
Weighted Average Method:	Not Applicable
Business Days:	A day other than (a) a Saturday or a Sunday, (b) any day on which banking institutions located in the city of New York, New York are authorized or required by law to close, (c) a day on which the New York Stock Exchange is closed or (d) any day on which Freddie Mac is closed.
Rounding Convention:	The simple arithmetic mean of rates expressed as a percentage rounded to five decimal places.
Calculation Agent:	The Seller

***Additional Defined Terms***

"*Credit Support Document*" means the Guaranty of the Credit Support Provider Collateral Trust Agreement and Supplement thereto, each as identified in Exhibit A hereto.

“*Credit Support Provider*” means the Person (if any) identified as such in Part 3 of Exhibit A.

“*Damages*” means an amount determined as provided in Section 12(b).

“*Early Termination Date*” has the meaning given to that term in Section 11(b).

“*Local Business Day*” in relation to a party means a day on which commercial banks in the city indicated in that party’s address for notices hereunder are open for business.

“*Market Quotation*” means an amount determined as provided in Section 13.

“*Moody’s*” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, if such successors and assigns shall continue to perform the functions of a securities rating agency.

“*Person*” means an individual, an estate, a trust, a corporation, a partnership, a limited liability company, or any other organization or entity, whether governmental or private.

“*Reference Market-maker*” has the meaning given to that term in Section 13(a).

“*S&P*” means Standard & Poor’s Ratings Services, McGraw-Hill Financial, and its successors and assigns, if such successors and assigns shall continue to perform the functions of a securities rating agency.

“*Taxes*,” with respect to payments hereunder by the Seller, means any present or future taxes, levies, imposts, duties or charges of any nature whatsoever that are collectible by withholding except for any such tax, levy, impost, duty or charge that would not have been imposed but for the existence of a connection between the Buyer and the jurisdiction where the Tax is imposed.

“*Termination Event*” has the meaning given to that term in Section 9.

**Section 2. Payments.** On the Fixed Rate Payment Date, Buyer shall pay the Fixed Amount and, on each Floating Rate Payment Date, Seller shall pay the Floating Amount for the Calculation Period ending on that Payment Date. The Seller’s obligation to make any payment hereunder shall be subject to the condition precedent that the Buyer has paid the Fixed Amount. If the Buyer fails to pay the Fixed Amount to the Seller as and when due hereunder and does not remedy the failure on or before the third Local Business Day after notice from the Seller (the “Cure Period”), the Seller may, by notice to the Buyer given not later than the fifth Local Business Day after the end of the Buyer’s Cure Period, declare this Agreement to be terminated, whereupon neither party shall have any further obligation hereunder, except for the Buyer’s obligation to pay interest pursuant to Section 4. Notwithstanding the foregoing, the Buyer shall, upon failure to pay the Fixed Amount, remain liable to the Seller to pay the value of this Agreement, calculated, on the date Seller declares this Agreement terminated, on the basis of Market Quotation, which, for purposes of this Section 2 only, shall be determined pursuant to Section 12, substituting the word “Seller” in each instance when the word “Buyer” is utilized in such section and the quotation referred to in Section 12(b) shall be the amount in Dollars that a Reference Market-Maker would charge as a Fixed Amount on such date of declaration of termination. The value of this Agreement, if any, shall be the original Fixed Amount less the amount of the Market Quotation determined in the manner described in the previous sentence. If the difference is a negative number, the value of this Agreement shall be zero. The Buyer and Seller agree that Freddie Mac shall not be liable for payment of the Fixed Amount or any payment due Seller upon Buyer’s failure to pay the Fixed Amount.

**Section 3. Making of Payments.** All payments hereunder shall be made to the account of the intended payee specified in Exhibit A, or to such other account that party may have last specified by notice to the party required to make the payment. All such payments shall be made in funds settled through the Federal Reserve Wire Network or such comparable same-day electronic fund transfer clearing system as is customary at the time for the settlement in New York City of banking transactions denominated in Dollars.

**Section 4. Interest on Overdue Amounts.** If any amount due hereunder is not paid when due, interest shall accrue on that amount for each day such amount remains unpaid at a rate per annum equal to the sum of (x) one percent (1%) and (y) the rate per annum equal to the cost (without proof or evidence of any actual cost) to the intended payee (as certified by it) if it were to fund, or for funding of, the relevant amount for that day.

**Section 5. Supervening Illegality.** If it becomes unlawful for either party to make any payment to be made by it hereunder, as a result of the adoption of, or any change in, or change in the interpretation of, any law, regulation or treaty, that party shall give notice to that effect to the other party and shall use reasonable efforts (a) to assign or transfer its rights and obligations under this Agreement, subject to Section 15, to another of its branches, offices or affiliates, or to any leading participant in the interest rate cap market, that may make those payments lawfully and without withholding for or on account of Taxes or (b) to agree with that other party to modify this Agreement or change the method of payment hereunder so that the payment will not be unlawful. If an assignment or agreement is not made as provided herein on or before the tenth Business Day after that notice becomes effective, either party may give notice of termination as provided in Section 11.

**Section 6. Taxes.**

(a) Except as otherwise required by law, each payment hereunder shall be made without withholding for or on account of Taxes. If a party is required to make any withholding from any payment under this Agreement for or on account of Taxes, it shall:

- (i) make that withholding;
- (ii) make timely payment of the amount withheld to the appropriate governmental authority;
- (iii) forthwith pay the other party such additional amount as may be necessary to ensure that the net amount actually received by it free and clear of Taxes (including any Taxes on the additional amount) is equal to the amount that it would have received had no Taxes been withheld; and

(iv) on or before the thirtieth day after payment, send the payee the original or a certified copy of an official tax receipt evidencing that payment; provided, however, that if the representation and warranty made by a party in Section 7(d) proves not to have been true when made or, if repeated on each Payment Date, would not then be true, or if a party fails to perform or observe any of its covenants set forth in Section 7 or Section 8, the other party shall be under no obligation to pay any additional amount hereunder to the extent that the withholding would not have been required if the representation and warranty had been true when made, or would have been true if so repeated, or if the failure had not occurred.

(b) If a party would be required to make any withholding for or on account of Taxes and pay any additional amount as provided in Section 6(a) with respect to any payment to be made by it in accordance with Section 2, it shall give notice to that effect to the other party and shall use reasonable efforts

(i) to assign or transfer its rights and obligations under this Agreement, subject to Section 15, to another of its branches, offices or affiliates, or to any leading participant in the interest rate cap market, that may make the payments to be made by it hereunder lawfully and without withholding for or on account of Taxes; or

(ii) to agree with that other party to modify this Agreement or change the method of payment hereunder so that those payments will not be subject to the withholding. If an assignment or agreement is not made as provided herein on or before the tenth day after that notice becomes effective, the party that would be required to make the withholding may give notice of termination as provided in Section 11.

(c) In addition, each party agrees with the other that it will deliver to the other party any forms, documents or certificates relating to taxation and observe any covenants set forth in Exhibit B.

#### **Section 7. Representations and Warranties.**

(a) Each of the parties makes the representations and warranties set forth below to the other as of the date hereof:

(i) It is duly organized and validly existing and has the corporate, partnership or other power as a company and the authority to execute and deliver this Agreement and to perform its obligations hereunder;

(ii) It has taken all necessary action to authorize its execution and delivery of this Agreement and the performance of its obligations hereunder;

(iii) All governmental authorizations and actions necessary in connection with its execution and delivery of this Agreement and the performance of its obligations hereunder have been obtained or performed and remain valid and in full force and effect;

(iv) This Agreement has been duly executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with the terms of this Agreement, subject to all applicable bankruptcy, insolvency, moratorium and similar laws affecting creditors' rights generally; and

(v) Each of the documents delivered by it hereunder is, as of the date stated in such document, true, accurate and complete in every material respect or, in the case of financial statements, fairly presents the condition of the Person indicated therein.

(b) The Buyer makes the following representations and warranties to the Seller:

(i) It is an Eligible Contract Participant as defined in Section 1a of the Commodity Exchange Act, as amended ("CEA").

(ii) It is not a Special Entity as defined in 17 CFR 23.401(c) (a governmental entity, employee benefit plan or an endowment).

(c) The Seller makes the following additional representations and warranties to the Buyer:

(i) No event or condition that constitutes (or that with the giving of notice or the lapse of time or both would constitute) a Termination Event with respect to it has occurred and is continuing or will occur by reason of its entering into or performing its obligations under this Agreement;

(ii) There are no actions, proceedings or claims pending or, to its knowledge, threatened, the adverse determination of which might have a materially adverse effect on its ability to perform its obligations under, or affect the validity or enforceability against it of this Agreement;

(iii) Each of the documents delivered by the Seller hereunder is, as of the date stated in such document, true, accurate and complete in every material respect or, in the case of financial statements, fairly presents the condition of the Person indicated therein; and

(iv) Seller shall be the reporting party for the Transaction pursuant to the requirements of 17 CFR 45.8(a).

(d) In addition, each of the Buyer and the Seller makes the representations and warranties set forth in Exhibit B hereof to the other and covenants as set forth therein with the other with respect to certain matters relating to Taxes.

**Section 8. Documents.** At or before the time of execution of this Agreement each party shall deliver to the other party evidence of the truth and accuracy of such party's representations in subsections (ii) and (iii) of Section 7(a) as well as evidence of the authority, incumbency and specimen signature of each Person authorized to execute and deliver this Agreement or any other document to be delivered under this Agreement. In addition, the Seller shall deliver to the Buyer at the times specified in Part 2 of Exhibit A, each of the documents there specified.

**Section 9. Termination Events.** (a) For purposes of this Agreement, "Termination Event" means each of the events and circumstances listed below:

(i) The Seller fails to pay any amount payable by it hereunder as and when that amount becomes payable and does not remedy that failure on or before the third Local Business Day after notice from the Buyer of the failure;

(ii) Any representation or warranty made by the Seller in this Agreement, other than in Section 7(d), or made by any Credit Support Provider in any Credit Support Document (or document related thereto) delivered hereunder proves to have been incorrect, incomplete or misleading in any material respect at the time it was made, or the Seller fails to deliver any document it is required to deliver as provided in Part 2 of Exhibit A and does not remedy that failure on or before the thirtieth day after notice from the Buyer of the failure or, in the case of failure to deliver a Credit Support Document, does not remedy that failure immediately;

(iii) The Seller or any Credit Support Provider for the Seller becomes the subject of any action or proceeding for relief under any bankruptcy or insolvency law or any law affecting creditors' rights that is similar to a bankruptcy or insolvency law or law relating to the composition of debts or seeks or becomes subject to the appointment of a receiver, custodian or similar official for it or any of its property or fails or is unable to pay its debts generally as they fall due;

(iv) The Seller or any Credit Support Provider for the Seller fails to pay any amount payable by it to the Buyer under any other agreement or under any instrument of the Seller or any Credit Support Provider held by the Buyer and does not remedy that failure during any applicable cure period;

(v) The Seller or any Credit Support Provider for the Seller fails to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document to which it is a party if the failure is not remedied during any applicable cure period; or any Credit Support Document expires or terminates or fails or ceases to be in full force and effect (in either case, other than in accordance with its terms) prior to the satisfaction of all obligations of the Seller under this Agreement; or the Seller or any Credit Support Provider for the Seller or any Person purporting to act on its behalf disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, any Credit Support Document to which it is a party;

(vi) (i) There occurs a default, an event of default or another similar condition or event (however described) in respect of the Seller or any Credit Support Provider for the Seller under one or more agreements or instruments relating to Specified Indebtedness in an aggregate amount of not less than the Threshold Amount and as a result such Specified Indebtedness has been or may be declared due and payable before it would otherwise have been due and payable or (ii) there occurs a default by the Seller or any such Credit Support Provider in making one or more payments on the due date thereof in an aggregate amount of not less than the Threshold Amount under any such agreements or instruments or under any Specified Transaction (after giving effect to any applicable notice requirement or grace period) or (iii) the combined amounts of Specified Indebtedness covered by clauses (i) and (ii) at least equal the Threshold Amount.

For this purpose, "Specified Indebtedness", with respect to any Person, means all obligations of that Person (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money but shall exclude deposits received in the ordinary course of the Seller's banking business or the banking business of the Seller's Credit Support Provider; "Specified Transaction" means any (i) rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross currency rate swap transaction, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, weather index transaction, futures contract (whether exchange traded or otherwise) or forward purchase or sale of a security, commodity or other financial instrument or interest (including any option with respect to any of these transactions) or (ii) which is a type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into in the financial markets (including terms and conditions incorporated by reference in such agreement) and which is a forward, swap, future (whether exchange traded or otherwise), option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made and any combination of any of these transactions; and "Threshold Amount" means U.S. \$50,000,000 (or the equivalent in any other currency or currencies);

(vii) The Seller or any Credit Support Provider for the Seller consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity, and the creditworthiness of the resulting, surviving or transferee entity after such consolidation, amalgamation, merger or transfer of assets is materially weaker than that of the Seller or such Credit Support Provider (as the case may be) immediately prior to such action as determined by the Buyer or Freddie Mac; or

(viii) If at any time the long term unsecured and unsubordinated indebtedness or deposits (the "**Long Term Senior Debt**" of the Credit Support Provider of the Seller are rated below A+ by S&P (or such rating is suspended or withdrawn) or below A1 by Moody's (or such rating is suspended or withdrawn), and Seller fails to post collateral to Buyer or assign Seller's interest in this Agreement pursuant to Section 10(a) hereof.

(ix) At the option of the Buyer if at any time the Long Term Senior Debt of the Credit Support Provider of the Seller are rated below A- by S&P (or such rating is suspended or withdrawn) or below A3 by Moody's (or such rating is suspended or withdrawn);

(x) The Seller shall fail to comply with the provisions of Section 10(a) hereof.

(b) Seller shall notify Buyer upon the occurrence of a Termination Event identified in Sections 9(a)(iii), (v) or (vi) hereof.

**Section 10. Collateralization or Seller Replacement Event.** (a) In the event that the Long Term Senior Debt of the Credit Support Provider for the Seller shall be below A1 by Moody's or A+ by S&P, (such event being referred to herein as a "Credit Event"), within five Local Business Days of such Credit Event either (1) Seller's obligations hereunder shall be collateralized on the terms and subject to the conditions set forth in this Agreement and in the Collateral Trust Agreement dated as of May 8, 2014 between the Seller and U.S. Bank National Association ("USB"), as supplemented from time to time, and incorporated by reference herein (the "Collateral Trust Agreement"), a copy of which is attached as Exhibit C hereto, or (2) at Seller's sole cost and expense, Seller shall obtain a replacement counterparty who shall enter into an Agreement with Buyer on substantially the same terms as contained in this Agreement. Until such replacement counterparty is in place, Seller shall continue to perform its obligations under this Agreement. Such replacement counterparty must be approved by Freddie Mac and acceptable to Buyer in its sole discretion. Seller's failure to comply with this provision will constitute a Termination Event for purposes of this Agreement.

Upon the occurrence of a Credit Event, and upon each subsequent change to the Long Term Senior Debt of the Credit Support Provider for the Seller, the Seller shall give notice to that effect to the Buyer, but failure to provide such notice shall not result in a Termination Event if Seller shall otherwise have provided Buyer collateral or obtained a replacement counterparty on the terms and subject to the conditions set forth in this Agreement and in the Collateral Trust Agreement.

(b) The amount of Collateral posted pursuant to section 10(a)(1) above will be calculated as a mid-market estimate of the value of this Agreement as of the date of the Credit Event and the collateral will be posted to USB.

The parties acknowledge that the calculation of the mid-market value used to determine the amount of collateral posted pursuant to the Collateral Trust Agreement may result in a value different than the Damages payable in connection with an early termination of this Agreement as calculated in Section 12(b) hereof. The cost to replace this Agreement with a new interest rate cap provider would be determined by a variety of factors, such as the then-current market conditions, and documentation requirements and credit rating requirements of the replacement transaction.

**Section 11. Early Termination.**

(a) At any time while a Termination Event is continuing, the Buyer may, with the prior written consent of Freddie Mac, or Freddie Mac may, in its absolute discretion, give notice of termination in accordance with this Section. If a party gives notice of supervening illegality, either party may give notice of termination in accordance with this Section in the circumstances described in Section 5. If a party is required to pay any additional amount pursuant to Section 6, it may give notice of termination in accordance with this Section in the circumstances described in Section 6.

(b) Any notice of termination hereunder

(i) shall state the grounds for termination;

(ii) shall specify a date that is not before, nor more than 10 days after, the date the notice of early termination is given on which the payments required by Section 1 shall be made as provided therein (the "Early Termination Date"); and

(iii) shall declare the obligations of the Seller to make the payments required by Section 2 that are scheduled to be made after the Early Termination Date to be terminated as of that date, and those obligations shall so terminate and be replaced by the parties' obligations to make the payments specified in Section 12.

**Section 12. Payments Upon Early Termination.**

(a) If notice of termination is given pursuant to Section 11, the Seller shall pay the Buyer an amount in Dollars determined pursuant to this Section 12 (the "Damages").

(b) The Buyer's Damages in the event of early termination shall be the Market Quotation, if it can be determined and the Unpaid Amounts owing to the Buyer in respect of this Agreement. If it cannot be determined, the Buyer's Damages shall be an amount in Dollars equal to the sum of the losses (including loss of bargain) a determined by the Buyer that it may incur as a result of the early termination or as a result of the event that served as the ground for early termination.

(c) Payments to be made in accordance with this Section shall be made on the Early Termination Date. If the Buyer is entitled to be paid any amount in respect of its Damages in accordance with this Section, it shall submit to the Seller a statement in reasonable detail of those Damages.

### **Section 13. Market Quotation.**

(a) For the purpose of determining the Market Quotation, the Buyer shall select, with the consent of Freddie Mac, four leading participants in the interest rate cap market (each a "Reference Market-maker"), in its sole discretion and in good faith, with a view to minimizing the Market Quotation (to the extent required by law); provided, however, that in doing so the Buyer shall be entitled to select market participants that are of the highest credit standing and that otherwise satisfy all the criteria that the Buyer applies generally at the time in deciding whether to enter into an interest rate protection transaction.

(b) The Buyer shall request from each of the Reference Market-makers it has selected a quotation of the amount in Dollars which that Reference Market-maker would charge on the Early Termination Date as an up-front payment for entering into an agreement, effective on the Early Termination Date, pursuant to which it would be obligated to make all the payments scheduled to be made by the Seller under this Agreement after the Early Termination Date.

(c) The Market Quotation shall be the arithmetic mean (rounded up, if necessary, to the nearest cent) of the amounts described in Section 12(b) that are quoted to the Buyer by the Reference Market-makers it has selected or, if only one Reference Market-maker will quote such a fee, the Market Quotation Value shall be the amount quoted by that Reference Market-maker. If no quotations are provided, it will be deemed that the Market Quotation in respect of the Agreement cannot be determined.

### **Section 14. Costs and Expenses.**

(a) Each of the parties shall pay, or reimburse the other on demand for, all stamp, registration, documentation or similar taxes or duties, and any penalties or interest that may be due with respect thereto, that may be imposed by any jurisdiction in respect of its execution or delivery of this Agreement. If any such tax or duty is imposed by any jurisdiction as the result of the conduct or status of both parties, each party shall pay one half of the amount of the tax or duty.

(b) The Seller shall pay, or reimburse the Buyer on demand for, all reasonable costs and expenses incurred by the Buyer in connection with enforcement of its rights under this Agreement or as a consequence of a Termination Event, including, without limitation, fees and expenses of legal counsel.

**Section 15. Nonassignment.** Neither party shall assign or otherwise transfer its rights or obligations hereunder or any interest herein to any other Person or any of its other branches or offices without the prior written consent of the other party to this Agreement and Freddie Mac, unless the assignment or transfer by the Seller is pursuant to Section 5 or Section 6 and provided that:

- (a) the Seller gives the Buyer 10 Business Days' prior written notice of the assignment or transfer;
- (b) the assignee or transferee meets the criteria set forth in Section 5(a) or Section 6(b)(i), as the case may be;

(c) the credit policies of the Buyer or Freddie Mac at the time would permit the Buyer to purchase an interest rate cap from the assignee or transferee without credit support;

(d) a Termination Event does not occur as a result of such transfer;

(e) on or prior to the effective date of the transfer, this Agreement (including, without limitation, any Tax covenants (if any) in Exhibit B to this Agreement) and all other related documents shall have been amended to reflect the transfer in a manner reasonably satisfactory to Buyer; and

(f) on or prior to the effective date of the transfer, Seller shall have agreed in writing to indemnify and hold harmless Buyer in a manner reasonably satisfactory to Buyer from and against any adverse tax consequences and any related fees, expenses and other losses resulting from the transfer, subject to the following conditions: (i) notwithstanding Seller's duty to indemnify Buyer, Buyer shall at all times retain sole control and decision-making authority with regard to any tax issues affecting Buyer or related litigation arising from or in connection with said transfer; and (ii) such indemnification shall be made as such expenses are incurred by Buyer and at such time as Buyer is required to pay any such tax liability, provided that Seller shall not be required to make such indemnification until five Business Days after it has received written notice from Buyer of expenses or liabilities for which Buyer seeks reimbursement.

Any purported transfer in violation of this Section shall be void. The parties are acting for purposes of this Agreement through their respective branches or offices specified in Exhibit A.

The Seller shall not unreasonably withhold its consent to an assignment or transfer proposed by the Buyer, or by any subsequent assignee or transferee of the Buyer, if the Seller would be entitled to make the payments it is required to make pursuant to Section 2 to the proposed assignee or transferee lawfully and without withholding for or on account of Taxes and the proposed assignee or transferee assumes the obligations of the Buyer under the Tax covenants (if any) of the Buyer in Exhibit B to this Agreement to the satisfaction of the Seller and if the proposed assignee or transferee provides all information (if any) necessary for Seller to comply with any applicable money laundering "know your customer" or government regulations, including but not limited to regulations under the Dodd Frank Wall Street Reform and Consumer Protection Act.

Notwithstanding the provisions of this Section 15 to the contrary, the Seller consents to the Buyer's grant of a security interest herein to Freddie Mac, its successors and a Permitted Assign. The Buyer and Seller agree that Freddie Mac may exercise the rights of the Buyer hereunder from time to time, and Buyer agrees that the Seller (i) may rely conclusively on the written instructions of Freddie Mac or a Permitted Assign to Seller made pursuant to this Agreement, (ii) has no duty to investigate or verify such written instructions, and (iii) shall not be liable for any actions taken in accordance with such written instructions except actions involving Seller's own gross negligence or willful misconduct. "Permitted Assign" means any national banking association organized under the laws of the United States or Deutsche Bank Trust Company Americas which serves as trustee ("Trustee") of a Freddie Mac-sponsored securitization trust and its successors and assigns. No assignment of a security interest in this Agreement shall be effective with respect to the Seller until delivery to the Seller of a written notice of such assignment ("Assignment Notice") in the form of Exhibit E hereto, in connection with an assignment by Freddie Mac to the Trustee, and Exhibit F hereto with respect to an assignment by the Trustee, executed by the Trustee, as assignor, and by the assignee. The Assignment Notice identified in Exhibit F must be accompanied by a certificate of authority and incumbency satisfactory to the Seller delivered by each of the assignor and assignee. No assignment by the Trustee shall be effective with respect to the Seller unless the Seller determines under the then-current regulations and policies of the Seller that the assignee qualifies as a counterparty to the Seller. Buyer hereby consents to the assignment of Freddie Mac's security interest in this Agreement to any Permitted Assign. Buyer and Seller agree that, following receipt of an Assignment Notice by Seller, the assignee, or its designated servicer, shall be entitled to exercise all rights of Freddie Mac set forth herein. Accordingly, all payments hereunder shall be made in accordance with Section 3 hereof and to the account of the Servicer as specified in Exhibit A hereto unless instructed otherwise by Freddie Mac or a Permitted Assign, as applicable.

Seller shall be held harmless and shall be fully indemnified by the Buyer, from and against any and all claims, other than those arising out of the gross negligence or willful misconduct of the Seller, from and against any damages, penalties, judgments, liabilities, losses or expenses (including attorney's fees and disbursements) reasonably incurred by the Seller as a result of the assertion of any claim, by any person or entity, arising out of, or otherwise related to, any action taken or omitted to be taken by the Seller in reliance upon the Assignment Notice, the assignment of the security interest in the Rate Cap Agreement to Freddie Mac, or any instructions or notice provided by Freddie Mac, a Permitted Assign or its servicer, or the Buyer.

All notices delivered to Seller pursuant to this Section 15 shall also be delivered to USB at the address set forth in the Collateral Trust Agreement.

**Section 16. Waivers: Rights Not Exclusive.** No failure or delay by a party in exercising any right hereunder shall operate as a waiver of, or impair, any such right. No single or partial exercise of any such right shall preclude any other or further exercise thereof or the exercise of any other right. No waiver of any such right shall be effective unless given in writing. No waiver of any such right shall be deemed a waiver of any other right hereunder. The right to terminate provided for herein is in addition to, and not exclusive of, any other rights, powers, privileges or remedies provided by law.

**Section 17. Interpretation.** The section headings in this Agreement are for convenience of reference only and shall not affect the meaning or construction of any provision hereof.

**Section 18. Notices.** Any notice or other communication in respect of this Agreement may be given in any manner set forth below (except that a notice or other communication under Sections 2, 5, 6, 9, 11 or 12 may not be given by facsimile transmission or electronic mail) to the address or number provided (see Exhibit A) and will be deemed effective as indicated: (i) if in writing and delivered in person or by courier, on the date it is delivered; (ii) if sent by facsimile transmission, on the date that transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine); (iii) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date that mail is delivered or its delivery is attempted; or (iv) if sent by electronic mail, on the date that it is delivered, unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication shall be deemed given and effective on the first following day that is a Local Business Day.

**Section 19. Amendments.** This Agreement may be amended only by an instrument in writing executed by the parties hereto and the prior written consent of Freddie Mac.

**Section 20. Survival.** The obligations of the parties under Section 6, Section 12 and Section 14 shall survive payment of the obligations of the parties under Section 2 and Section 4 and the termination of their other obligations hereunder.

**Section 21. Jurisdiction; Governing Law.**

(a) Any action or proceeding relating in any way to this Agreement may be brought and enforced in the courts of the State of New York or of the United States for the Southern District of New York, and each of the parties irrevocably submits to the non-exclusive jurisdiction of each such court in connection with any such action or proceeding.

(b) This Agreement shall be governed by, and construed in accordance with, the law of the State of New York without reference to its choice of law doctrine.

**Section 22. Independence of this Agreement.** It is the parties' intention that no other agreements or arrangements between them or any of their affiliates affect the transaction provided for herein except as expressly provided herein. Therefore, except as expressly provided herein, the Seller's obligation to make payments to the Buyer hereunder shall not be subject to early termination or to any condition precedent, no such payment obligation shall be netted against any payment due from the Buyer or any third party under any other agreement or instrument, and neither the Seller nor any third party shall have any right to set off any such payment due from the Seller to the Buyer or withhold any such payment, in whole or in part, pending payment of any amount payable by the Buyer or any third party to the Seller or any third party. In addition, the terms set forth in this provision may not be modified except in a written amendment to this Agreement executed by both parties hereto that (i) is expressly identified in capital letters as modifying this provision (identified by its title) and (ii) deals only with such modification.

**Section 23. Waiver of Jury Trial.** Each of the Buyer and the Seller, respectively, hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Agreement or any Credit Support Document. Each of the Buyer and the Seller (i) certifies that no representative, agent or attorney of the other party or any Credit Support Provider has represented, expressly or otherwise, that such other party would not, in the event of such suit, action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Agreement and provide for any Credit Support Document, as applicable, by, among other things, the mutual waivers and certifications in this Section.

**Section 24. Setoff.** The obligation to pay amounts due hereunder shall be absolute and unconditional and shall not be subject to diminution by set-off, recoupment, counterclaim, abatement or otherwise.

**Section 25. Counterparts: Integration of Terms.** This Agreement may be executed in counterparts, and the counterparts taken together shall be deemed to constitute one and the same agreement. This Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements and prior writings with respect thereto.

**Section 26. Contractual Currency.** The provision on Contractual Currency set forth in Part 4 of Exhibit A will apply if the Seller or any Credit Support Provider for the Seller is not organized in the U.S. or is acting through any office outside the U.S.

[Signature page follows]

IN WITNESS WHEREOF the parties have caused this Agreement to be duly executed and delivered as of the day and year first written above.

**SMBC CAPITAL MARKETS, INC.**

By /s/ Ng Ho

Name: Ng Ho

Title: Assistant Vice President

By /s/ Danny Boodram

Name: Danny Boodram

Title: Vice President

**BR CARROLL GLENRIDGE, LLC, a**

Delaware limited liability company

By: /s/ Jordan Ruddy

Jordan Ruddy

Authorized Signatory

[Signature Page to Nevadan Apartments Rate Cap Agreement]

**EXHIBIT A**

**NOTICE ADDRESSES AND OTHER MATTERS**

**Part 1:** Addresses for Notices and Accounts for Payments:

The Seller:

Address: SMBC Capital Markets, Inc.  
277 Park Avenue, Fifth Floor  
New York, New York 10172  
Attention: President  
Telephone: (212) 224-5022  
Facsimile: (212) 224-4938  
(212) 225-5111 (for payment and reset notices)

Payments to Seller: Depository: JPMorgan Chase Bank, N.A. New York Branch  
ABA Routing No.: 021000021  
Address: New York, New York  
In Favor Of: SMBC Capital Markets, Inc.  
Account No.: 544-7-77993  
CHIPS: 295277

The Buyer:

Address: BR Carroll Glenridge JV, LLC  
c/o Bluerock Real Estate, L.L.C.  
Attention: Molly Brown  
712 Fifth Avenue, 9th Floor  
New York, NY 10019  
Email: mbrown@bluerockre.com  
Tel.: (646) 278-4234

With copies to:

Chatham Financial Corporation  
Attention: Scarlett Montana  
235 Whitehorse Lane  
Kennett Square, Pennsylvania 19348  
Phone: (610) 925-3120  
Email: smontana@chathamfinancial.com  
Fax: (610) 925-3125

copies to Freddie Mac:

Address: Federal Home Loan Mortgage Corporation  
8100 Jones Branch Drive  
Mail Stop B2E  
McLean, Virginia 22102

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Attention: Multifamily Loan Accounting/Operational Close  
Telephone: (703) 714-4177  
Fax: 571-382-4798  
E-Mail: mfla@freddiemac.com

and

Federal Home Loan Mortgage Corporation  
8100 Jones Branch Drive  
Mail Stop B4G  
McLean, Virginia 22102  
Attention: Multifamily Asset Management/Servicing  
Telephone: (703) 714-3194 (Steve Power)  
E-Mail: mf\_spi\_hedge@freddiemac.com

and

Federal Home Loan Mortgage Corporation  
8200 Jones Branch Drive  
Mail Stop 210  
McLean, Virginia 22102  
Attention: Managing Associate General Counsel - Multifamily Real Estate (Legal Division)  
Telephone: (703) 903-2538  
E-Mail: Joshua\_schonfeld@freddiemac.com

Payments to Buyer (pursuant to Section 3, payments are to be made as will be specified):

Bank Name:	KeyBank, Cleveland, OH
ABA No.:	041001039
Account No.:	359951013036
Account Name:	KCM PAYMENT CLEARING
Ref: Loan No.:	Nevadan Apartments; Loan No. 50-1190061

**Part 2:** Documents to be delivered by the Seller to the Buyer

(a) Credit Support Documents to be delivered by the Seller:

- (i) The Collateral Trust Agreement between Seller and U.S. Bank National Association, as Collateral Trustee, as amended or supplemented from time to time, dated as of May 8, 2014 attached hereto as Exhibit C;
- (ii) Guaranty of Sumitomo Mitsui Banking Corporation attached hereto as Exhibit D; and
- (iii) The Collateral Trust Agreement Supplement executed by Buyer and acknowledged by Seller and U.S. Bank National Association, as Collateral Trustee, dated as of the date of this Agreement.

(b) Other:

Evidence of the authority, incumbency and specimen signature of the party executing this Agreement and the Guaranty of Sumitomo Mitsui Banking Corporation

**Part 3:** Credit Support Provider for the Seller: Sumitomo Mitsui Banking Corporation.

**Part 4:** Each reference in this Agreement to Dollars (the “Contractual Currency”) is of the essence. The obligation of each party in respect of any amount due under this Agreement in the Contractual Currency is, notwithstanding any payment in any other currency (whether pursuant to a judgment or otherwise), be discharged only to the extent of the amount in the Contractual Currency that the intended payee may, in accordance with normal banking procedures, purchase with the sum paid in that other currency (after any premium and costs of exchange) on the Business Day in New York City immediately following the day on which that payee receives the payment. If the amount in the Contractual Currency that may be so purchased for any reason falls short of the amount originally due, the party owing that amount shall pay such additional amount, in the Contractual Currency, as is necessary to compensate for the shortfall. Any obligation of that party not discharged by that payment shall, to the fullest extent permitted by applicable law, be due as a separate and independent obligation and, until discharged as provided herein, shall continue in full force and effect.

**EXHIBIT B**

**TAX REPRESENTATIONS AND COVENANTS**

**A. Tax Representations and Covenants**

Representations of each of the Seller and the Buyer

For the purpose of this Agreement, each of the Buyer and Seller hereby represents, respectively, that it is a “United States person” for purposes of the United States Internal Revenue Code of 1986, as amended. It is not required by any applicable law, as modified by the practice of any relevant governmental authority, to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 4 to be made by it to the other party) under this Agreement. In making this representation, it may rely on (i) the accuracy of any representation made by the other party below in this Exhibit and (ii) the satisfaction of the covenant of that other party contained below in this Exhibit and the accuracy and effectiveness of any document provided by that other party pursuant to any such covenant.

**B. Payee Tax Representations**

Of the Seller:

Seller is a corporation organized under the laws of Delaware and its United States taxpayer identification number is 13-3380138.

Of the Buyer:

Buyer’s taxpayer identification number is 81-3531313 and is not acting as an agent or intermediary for a foreign Person.

**C. Covenants**

Of Each Party:

If a party is required at any time to execute any form or document in order for payments to it hereunder to qualify for exemption from withholding for or on account of Taxes or to qualify for such withholding at a reduced rate, that party shall, as soon as practicable after request from the other party, execute the required form or document and deliver it to that other party.

Of the Seller:

None

Of the Buyer:

None

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**EXHIBIT C**  
**COLLATERAL TRUST AGREEMENT**

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**EXHIBIT D**

**GUARANTY OF SUMITOMO MITSUI BANKING CORPORATION**

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**EXHIBIT E**

**NOTICE OF TRANSFER OF SECURITY INTEREST IN RATE CAP AGREEMENT**

**(“Assignment Notice”)**

RE: The Rate Cap Agreements identified in Schedule 1 hereto, each by and between SMBC Capital Markets, Inc. (“Seller”) and the identified counterparties (each, a “Rate Cap Agreement”).

Effective Date: \_\_\_\_\_

This Assignment Notice is delivered pursuant to Section 15 of the Rate Cap Agreement and is effective as of the Effective Date.

The Federal Home Loan Mortgage Corporation (“Assignor”) previously made a variable rate loan to [ ] (as “Buyer”) (“Loan”) and required Buyer to purchase the Rate Cap Agreement and to grant a collateral security interest in the Rate Cap Agreement to Assignor as additional security for the Loan.

As permitted under Section 15 of the Rate Cap Agreement, Assignor has transferred the Loan and its security interest in the Rate Cap Agreement to \_\_\_\_\_ (“Assignee”) as trustee of a Freddie Mac-sponsored securitization trust. Assignor affirmatively states that it no longer has any right, title or interest in or to the Rate Cap Agreement, including but not limited to the right to receive (a) any payments made thereunder by Seller and (b) notices directions and correspondence relating to the Rate Cap Agreement. Commencing on the Effective Date, Assignee may exercise all rights under the Rate Cap Agreement previously exercisable by Assignor.

Assignor has designated \_\_\_\_\_ as its servicer for the Loan.

[Check one]

- The wire instructions for payments by Seller pursuant to the Rate Cap Agreement remain unchanged.
- Following the date set forth above, all payments made by Seller pursuant to the Rate Cap Agreement shall be wired pursuant to the following instructions:

Bank:  
ABA No.:  
Acct No.:  
Acct Name:  
Ref:

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Commencing on the Effective Date set forth above, all notice and notices, directions and correspondence relating to the Rate Cap Agreement and addressed to Buyer shall be copied to the Assignee at the following notice address.

[address with phone number]

ASSIGNOR

Federal Home Loan Mortgage Corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

ASSIGNEE

\_\_\_\_\_, as trustee  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT F**

**NOTICE OF TRANSFER OF SECURITY INTEREST IN RATE CAP AGREEMENT BY  
SECURITIZATION TRUSTEE**

**(“Assignment Notice”)**

RE: Rate Cap Agreement dated \_\_\_\_\_ by and between \_\_\_\_\_ (“Buyer”) and SMBC Capital Markets, Inc. (“Seller”) (Reference No.: \_\_\_\_\_) (“Rate Cap Agreement”).

Effective Date: \_\_\_\_\_

This Assignment Notice is delivered pursuant to Section 15 of the Rate Cap Agreement and is effective as of the Effective Date.

\_\_\_\_\_, as trustee of a Freddie Mac-sponsored securitization trust (“Assignor”) previously held a variable rate loan to Buyer (“Loan”) and a collateral security interest in the Rate Cap Agreement to as additional security for the Loan.

As permitted under Section 15 of the Rate Cap Agreement, Assignor has transferred its collateral security interest in the Rate Cap Agreement to \_\_\_\_\_ (“Assignee”). Assignor affirmatively states that it no longer has any right, title or interest in or to the Rate Cap Agreement, including but not limited to the right to receive (a) any payments made thereunder by Seller and (b) notices, direction or correspondence relating to the Rate Cap Agreement. Commencing on the Effective Date, Assignee may exercise all rights under the Rate Cap Agreement previously exercisable by Assignor.

Enclosed herewith are the authority and incumbency certificates of the Assignor and Assignee.

Commencing on the Effective Date, all payments made by Seller pursuant to the Rate Cap Agreement shall be wired pursuant to the following instructions:

Bank:  
ABA No.:  
Acct No.:  
Acct Name:  
Ref:

Assignee hereby agrees to indemnify and hold harmless and defend Seller from and against any and all claims, other than those arising out of the gross negligence or willful misconduct of Seller, and from and against any damages, penalties, judgments, liabilities, losses or expenses (including attorney’s fees and disbursements) reasonably incurred by Seller as a result of the assertion of any claim, by any person or entity, arising out of, or otherwise related to, any action taken or omitted to be taken by Seller in reliance upon this Assignment Notice or any other written notice or direction provided by Assignee. Further, all parties hereto agree that following the execution of this Assignment Notice, the Seller (i) may rely conclusively on the written instructions of the Assignee, (ii) has no duty to investigate or verify such written instructions, and (iii) shall not be liable for any actions taken in accordance with such written instructions except actions involving Seller’s own gross negligence or willful misconduct.

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Commencing on the Effective Date, all notice and notices, directions and correspondence relating to the Rate Cap Agreement and addressed to Buyer shall be copied to the Assignee at the following notice address.

[address including phone number]

Assignee and Assignor acknowledge that this Assignment Notice is not effective with respect to Seller if Seller determines that, under current regulations or Seller policy, Assignee is not eligible to be a counterparty of the Seller. Seller's signature below evidences that Assignee constitutes an eligible counterparty of Seller.

ASSIGNOR

\_\_\_\_\_,  
As trustee of \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

ASSIGNEE

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**

I, R. Ramin Kamfar, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bluerock Residential Growth REIT, Inc.:
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosures controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2016

/s/ R. Ramin Kamfar  
R. Ramin Kamfar  
Chief Executive Officer and President  
(Principal Executive Officer)

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**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**

I, Christopher J. Vohs, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bluerock Residential Growth REIT, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosures controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2016

/s/ Christopher J. Vohs  
Christopher J. Vohs  
Chief Accounting Officer and Treasurer  
(Principal Financial Officer)

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**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED  
PURSUANT TO SECTION 906 OF THE  
SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. § 1350, as created by Section § 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of Bluerock Residential Growth REIT, Inc. (the “Company”) hereby certify, to such officers’ knowledge, that:

- (i) The accompanying Quarterly Report on Form 10-Q for the period ended September 30, 2016 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 7, 2016

/s/ R. Ramin Kamfar  
R. Ramin Kamfar  
Chief Executive Officer and President  
(Principal Executive Officer)

November 7, 2016

/s/ Christopher J. Vohs  
Christopher J. Vohs  
Chief Accounting Officer and Treasurer  
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).

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