

**AGREEMENT FOR PAYMENTS IN LIEU
OF AD VALOREM TAXES**

THIS AGREEMENT is made and entered into as of the 31 day of August, 2021, by and among THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE (the "Board"); APP BATTERY PARTNERS, L.L.L.P., a Tennessee limited liability limited partnership (the "Company"); the CITY OF CHATTANOOGA, TENNESSEE (the "City"); and HAMILTON COUNTY, TENNESSEE (the "County") and is joined in, for purposes of evidencing their acceptance of the agency relationship established herein, by WILLIAM F. HULLANDER and his successors, acting in the capacity of HAMILTON COUNTY TRUSTEE ("Trustee"), and by MARTY HAYNES and his successors, acting in the capacity of HAMILTON COUNTY ASSESSOR OF PROPERTY ("Assessor").

W I T N E S S E T H:

WHEREAS, the Company is contemplating the improvement of the properties located at 3401 Campbell Street in Chattanooga, Hamilton County, Tennessee, including the renovation, equipping and furnishing of a multifamily, low income housing tax credit apartment project with approximately 142 units (collectively, the "Project"), and has requested the Board's assistance in the financing of the Project; and

WHEREAS, substantial public welfare benefits to the City and County will be derived from the Project; and

WHEREAS, the Board has agreed to take title to certain real and personal property that constitutes the Project, as described in Exhibit "A" attached hereto (the "Property"), which Property is to be owned by the Board and leased to the Company; and

WHEREAS, because the Property is to be owned by the Board, which is a public corporation organized under the provisions of Tennessee Code Annotated, §48-101-301, et seq.,

all such property will be exempt from ad valorem property taxes (“property taxes”) normally paid to the City and to the County, so long as the Property is owned by the Board, pursuant to the provisions of Tennessee Code Annotated, §48-101-312; and

WHEREAS, for the public benefit of the citizens of the City and the County, the Board has requested that the Company make certain payments to the Board in lieu of the payment of property taxes that would otherwise be payable on the Property; and

WHEREAS, the Company has agreed to make such payments to the Board in lieu of the property taxes otherwise payable on the Property (the “In Lieu Payments”), as more particularly set forth hereinafter; and

WHEREAS, the Board has been authorized to receive the In Lieu Payments in lieu of property taxes by resolutions adopted by the City and the County, acting through their duly elected Council and Commission, respectively, which resolutions delegate to the Board the authority to accept the In Lieu Payments upon compliance with certain terms and conditions; and

WHEREAS, the Board wishes to designate the County Assessor as its agent to appraise the Property and assess a percentage of its value in the manner specified herein; and

WHEREAS, the Board wishes to designate the Trustee and the City Treasurer, as applicable, as its agent to receive the In Lieu Payments in accordance with the terms of this Agreement;

NOW, THEREFORE, IN CONSIDERATION OF the mutual covenants and agreements set forth herein, the parties hereto agree as follows:

1. Designation of Assessor; Appraisal and Assessment of Property. The Board hereby designates the Assessor as its agent to appraise and assess the Property. The Assessor shall appraise and assess the Property in accordance with the Constitution and laws of the State of

Tennessee as though the Property were subject to property taxes. According to Chapter 0600-10 of the Rules of the Tennessee State Board of Equalization, following renovation of the Property, such appraisal shall consist of two components: (i) the restricted use component (the “Restricted Income Value”) which will be based on the Assessor’s valuation of the Project’s operating income, and (ii) the LIHTC subsidy component (the “LIHTC Subsidy Value”) which will be based on the Assessor’s valuation of the LIHTC subsidy provided to the Project by the Tennessee Housing Development Agency (collectively the Restricted Income Value and the LIHTC Subsidy Value are hereinafter referred to as the “Renovated Project Value”). The Assessor shall give the Trustee, the City Treasurer, the Board, and the Company written notice of any changes in appraisals of the Property in the same manner that notices are given to owners of taxable property. The Assessor shall make available to the Board and the Company all records relating to the appraisal and assessment of the Property.

2. Designation of Trustee; Computation and Billing of Payments In Lieu of Taxes.

The Board hereby designates the Trustee and the Treasurer as its agents to compute the amounts of the In Lieu Payments. On or about October 1 of each year during the term of this agreement, the Trustee and the Treasurer shall compute the taxes which would be payable on the Property if it were subject to property taxes, in accordance with the Constitution and laws of the State of Tennessee and in accordance with the appraisal and assessment of the Assessor. Each year hereunder, the Trustee and the Treasurer shall send the Board and the Company a bill for appropriate amounts of In Lieu Payments (the “Tax Bill”).

3. Payments in Lieu of Taxes. After receipt of the Tax Bill, the Company shall pay to the Trustee the amounts indicated on the Tax Bill to be paid to the County and the Company shall pay to the City Treasurer the amounts on the Tax Bill to be paid to the City in accordance with the

amount set forth below in Section 4. The In Lieu Payments shall be made by the Company in lieu of the property taxes which would otherwise be payable on the Property if it were subject to property taxes.

4. Amount of Payments by the Company.

(a) Payments for Unrenovated Project. For each of the years [2022 through 2035] (the "Tax Abatement Period"), the Company shall make In Lieu Payments with respect to the Property in an amount equal to one hundred percent (100%) of all City and County annual ad valorem property taxes levied in the base year of 2020 (the "Base Year") on the value of the Project (the "Unrenovated Project Value"). The parties agree that the payments based upon the Unrenovated Project Value will equal Twenty-eight Thousand Nine Hundred Five and 15/100 Dollars (\$28,905.15) per year to the City and Thirty-five Thousand One Hundred Two and 55/100 Dollars (\$35,102.55) per year to the County (inclusive of the District Road Fund payment to the County). The intent is for the City and County to continue receiving throughout the term of this Agreement all taxes assessed as to the Unrenovated Project Value exclusive of the improvements made in connection with the renovation of the Project, which improvements are subject to the payment in lieu of tax obligations set forth in subsection (b), immediately below.

(b) Payments for Renovated Project.

(i) School Tax on Renovations. After the renovation of the Project is completed and the Assessor of Property has determined the Renovated Project Value and reassessed the then renovated Property, the Company shall make In Lieu Payments in the amount required to satisfy the Hamilton County Schools portion of the property taxes that would be due on the improvements to the Property if it were subject to taxation (the "School Portion") based upon the increase in the Renovated Project Value over the Unrenovated Project Value (the "Renovation

Value”). The parties acknowledge and agree that the School Portion currently equates to 24.80% of the amount of the total City and County taxes that would have been payable on the improvements to the Property if it were subject to property taxes. The parties further acknowledge that the percentage of the School's Portion will vary as City and County tax rates change.

(ii) General Fund Tax on Renovations. After the renovation of the Project is completed and the Assessor of Property has determined the Renovated Project Value and reassessed the then renovated Property, the Company shall also make In Lieu Payments in the amounts set forth below under paragraph (iii) based upon the City and County general fund property taxes that would be due on the Renovation Value (defined above) of the Property if it were subject to taxation.

(iii) In Lieu Payments and Phase In Period. After the renovation of the Project is completed and the Assessor of Property has determined the Renovated Project Value and reassessed the then renovated Property, additional In Lieu Payments on the Renovation Value will be as follows:

Tax Year	City General Fund Portion ⁽¹⁾ Renovation Value	County General Fund Portion ⁽¹⁾ Renovation Value	County School Fund Portion ⁽¹⁾ Renovation Value
2022 – 2031	0%	0%	100%
2032	20%	20%	100%
2033	40%	40%	100%
2034	60%	60%	100%
2035	80%	80%	100%
2036	100%	100%	100%

(1) – The above percentages refer to the percent of the amount of taxes that would have been payable on the value if it were subject to property taxes.

As noted above, during such years 2022 to 2035, the Company shall continue to pay an In Lieu Payment based upon the Base Value, shall continue to pay the School Portion attributable to the Hamilton County Schools, and shall pay a phased in additional payment based upon the City

and County general fund portion attributable to the Renovation Value between 2032 and 2035. For any periods before or after the Tax Abatement Period that the Property is owned by the Board, the Company shall make In Lieu Payments in an amount, as determined by the Assessor and the Trustee, equal to one hundred percent (100%) of the amount of taxes that would have been payable on the Property if it were subject to property taxes.

5. Penalties and Late Charges; Affordability Requirement. The Company shall make the In Lieu Payments for each year before March 1 of the following year. All In Lieu Payments to the City and County shall be subject to penalties, late charges, fees and interest charges as follows:

(a) If the Company fails to make any In Lieu Payment when due, then a late charge shall be charged and shall also be immediately due and payable. The late charge shall be in the amount of one and one-half percent (1-1/2%) of the owed amount, for each month that each payment has been unpaid. Such one and one-half percent (1-1/2%) per month late charge amount shall accumulate each month and be payable so long as there remains any outstanding unpaid amount.

(b) If the Company should fail to pay all amounts and late charges due as provided hereinabove, then the Board, the City or the County may bring suit in the Chancery Court of Hamilton County to seek to recover the In Lieu Payments due, late charges, expenses and costs of collection in addition to reasonable attorneys' fees, and if the Company should fail to pay all amounts and late charges due as provided hereinabove for more than two (2) years, the City or the County may, as to their respective In Lieu Payments, terminate the benefits of this Agreement and thereafter require the Company to pay one hundred percent (100%) of the amount of taxes that would have been payable on the Property for so long as such payment default continues as determined by the Mayor of the City and the Mayor of the County. In the event of a disagreement

between the parties concerning whether or not the Company has cured a default, a representative of the Company may request that the City and County, as applicable, each meet to determine whether such default has been cured, and the Company and the City or the County, as the case may be, shall meet promptly thereafter attempt in good faith to resolve such dispute. The Company may, in addition, file suit in the Chancery Court of Hamilton County to ask that the provisions of this Agreement be construed or applied to the relevant facts by the Chancery Court in order to resolve such dispute.

(c) The Company covenants as follows:

(i) The Project will be completed within twenty-four (24) months following the date of this Agreement, and the Project will be constructed in substantial compliance with the project description set forth in the PILOT Application that the Company submitted to the City as determined by the Land Development Office of the City and in consultation with the County.

(ii) After completion of the Project and during the Tax Abatement Period, 100% of the dwelling units in the Project will be set aside for occupancy by households whose income is not greater than 80% of the area median income as annually defined in the most recent guidelines published by the Department of Housing and Urban Development, and the overall average household income for all dwelling units in the Project will not exceed 60% of the area median income according to the same guidelines (the "Affordability Requirement").

(iii) After completion of the Project and during the Tax Abatement Period, the Project shall be maintained in habitable condition and in compliance with all applicable City and County ordinances and codes.

(d)

(i) If the Company should fail to meet the Affordability Requirement under Section 5(c)(ii) above with respect to the Project and such failure continues for a period of more than one hundred eighty (180) days following receipt by the Company of written notice from the City or the County specifying such failure in reasonable detail (an "Affordability Event of Default"), the City and the County may then require the Company to pay an additional In Lieu Payment based upon the difference between (i) the In Lieu Payments on the Property owed pursuant to Section 4 during the period of the continuance of such Affordability Event of Default and (ii) the full taxes that would have been payable on the Property if it were subject to property taxes multiplied by a fraction (expressed as a percentage), the denominator of which is the number of dwelling units at the Project subject to the Affordability Requirement and the numerator of which is the greater of (x) the number of dwelling units that are not occupied by or available for occupancy by households whose income is not greater than 80% of the area median income as annually defined in the most recent guidelines published by the Department of Housing and Urban Development; or (y) the number of dwelling units that cause the overall average household income for all dwelling units in the Project to exceed 60% of the area median income according to the same guidelines. The County and the City shall look solely to the Company for any repayment obligations.

(ii) In no event shall the Company be required to pay more in In Lieu Payments than the Company would have paid in property taxes, if the Property were subject to property taxes.

6. Disbursements by the Treasurer and Trustee. All sums received by the Treasurer pursuant to Section 4 for the benefit of the City general fund shall be disbursed to the general funds of the City in accordance with this paragraph and in accordance with the normal requirements of

law governing the settlement and paying over of taxes to counties and municipalities. All sums received by the Trustee pursuant to Section 4 for the benefit of the County general fund shall be disbursed to the general fund of the County in accordance with this paragraph and in accordance with the normal requirements of law governing the settlement and paying over of taxes to counties and municipalities. All such sums received by the Treasurer shall be placed into an account for the use and benefit of the City. All such sums received by the Trustee shall be divided into an account for the use and benefit of the County. The account for the use and benefit of the City shall be funded with the proportionate amount to which the In Lieu Payments are attributable to property taxes which would otherwise be owed to the City, and the account for the use and benefit of the County shall be funded with the proportionate amount to which the In Lieu Payments are attributable to property taxes which would otherwise be owed to the County. All sums received by the Trustee pursuant to Section 4 for the benefit of the County school system shall be disbursed to the County and thereafter deposited into an account for the educational use and benefit of the County schools. The parties acknowledge and agree that all disbursements to the City and County pursuant to this Agreement are in furtherance of the Board's purposes as set forth in Tennessee Code Annotated § 48-101-302.

7. Contest by the Company. The Company shall have the right to contest the appraisal or assessment of the Property by the Assessor and the computation by the Trustee of the amount of the In Lieu Payment. If the Company contests any such appraisal or assessment, then it shall present evidence to the Assessor in favor of its position. Likewise, if the Company contests any such computation, it shall present evidence to the Trustee in favor of its position. If the In Lieu Payments being contested shall be or become due and payable, the Company shall make such payments under protest. The Company and the Assessor or the Trustee, as the case may be, shall

negotiate in good faith to resolve any disputes as to appraisal, assessment or computation. If the Company and the Assessor or the Trustee are unable to resolve a dispute, then the Company may file suit in the Chancery Court of Hamilton County to ask that the provisions of this Agreement, including those covering appraisal, assessment and computation, be construed or applied to the relevant facts by the Chancery Court in order to resolve such dispute.

8. Annual Report. The Company will provide the City, the County and the Board, on or before February 15 of each calendar year during this Agreement following the date the Project is placed in service, (i) a copy of the Owner's Annual Certification of Compliance that the Company has provided to the Tennessee Housing Development Agency for the prior calendar year, and (ii) a certification of the Company as to the Company's compliance with the covenants set forth in Section 5(c). An independent audit of these certifications may occur if requested by the City or County during any calendar year of this Agreement.

9. Lien on Property. Any amounts which remain payable under this Agreement shall become a lien on the Property, and such lien shall be enforceable against the Property in the event that any payment owing hereunder is not timely made in accordance with this Agreement.

10. Term. This Agreement shall become effective on the date that the Board attains title to the Property and shall continue for so long as the Board holds title to any of the Property or the Company has made all payments required hereunder, whichever shall later occur.

11. Leasehold Taxation. If the leasehold interest of the Company should be subject to ad valorem taxation, then any amounts assessed as taxes thereon shall be credited against any In Lieu Payments due hereunder. The Company agrees to cooperate fully with the Assessor in supplying information for completion of leasehold taxation questionnaires with respect to the Property.

12. Stormwater Fees. In addition to other requirements under this Agreement, the Company shall be responsible for all stormwater fees assessed by the City of Chattanooga against the Real Property.

13. Notices, etc. All notices and other communications provided for hereunder shall be written (including facsimile transmission and telex), and mailed or sent via facsimile transmission or delivered, if to the City or the Board, c/o Mr. Phillip A. Noblett, Suite 200, 100 E. 11th Street, Chattanooga, Tennessee 37402; if to the County, c/o Mr. Rheubin M. Taylor, County Attorney, Hamilton County Government, Room 204, County Courthouse, Chattanooga, Tennessee 37402-1956; if to the Company, c/o Mr. Berkeley Burbank, APP Battery Partners, L.L.L.P., 35 Union Ave., Suite 200, Memphis, TN 38103; if to the Trustee, at his address at Hamilton County Courthouse, Chattanooga, Tennessee 37402; and if to the Assessor, at his address at Hamilton County Courthouse, Chattanooga, Tennessee 37402; or, as to each party, at such other address as shall be designated by such party in a written notice to the other party. All such notices and communications, when sent by U.S. certified mail, return receipt requested, shall be effective three days after sending, or when sent by overnight courier or personal delivery, shall be effective upon delivery, or when sent by facsimile transmission, confirmed electronically, shall be effective when sent, in each case addressed as aforesaid.

14. No Waiver; Remedies. No failure on the part of any party hereto, and no delay in exercising any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. The remedies provided in this Agreement are cumulative and are not exclusive of any remedies provided by law.

15. Assignment.

(a) Except in the event of the conveyance of the Property as a result of a foreclosure or deed in lieu of foreclosure or except as otherwise provided in this Section, the Company may only assign this Agreement, or any part hereof, with the prior consent of the Mayor of the City, the Mayor of the County, and the Board. The Mayor of the City, the Mayor of the County and/or the Board shall not withhold such consent upon the occurrence of all of the following conditions: (i) there is no default under this Agreement at the time of the assignment, (ii) all requirements of the Company under this Agreement have been satisfied as of the date of the assignment, and (iii) any assignee agrees to provide proof of sufficient assets to fund the business plan for the Project and agrees to be bound by the terms of this Agreement from and after the date of assignment (the "Consent Requirements"). If the Company provides the Mayor of the City, the Mayor of the County and the Board (x) a certificate of an officer of the Company certifying that the requirements of (i) and (ii) have been satisfied and (y) proof of sufficient assets to fund the business plan for the Project and a copy of an assignment and assumption agreement pursuant to which the assignee agrees to be bound by the terms of this Agreement, the Mayor of the City, the Mayor of the County and the Board shall each have the option, upon at least seven (7) days' prior notice to the Company, to meet with a representative of the Company within forty-five (45) days of receipt of the Company's certificate for purposes of determining whether the Company has satisfied the Consent Requirements. Unless the Mayor of the City, the Mayor of the County and the Board meet with the Company and all state in writing within such forty-five (45) day period that the Company has not satisfied the Consent Requirements, the Company may assign this Agreement in accordance with the terms and conditions described in the Company's certificate without any further action of the Mayor of the City, the Mayor of the County and/or the Board. In the event that the Mayor of the City, the Mayor of the County and the Board timely state in writing

that the Company has not satisfied the Consent Requirements, the Company and the assignee may, upon the Company's request, appear before the City Council of the City, the Board of Commissioners of the County and the Board to request approval of such assignment pursuant to the terms of this Section, which consents shall not be unreasonably withheld. Upon satisfaction of the requirements of this Section, the assignment shall relieve the Company from liability for any of its obligations hereunder as of the effective date of the assignment.

(b) Notwithstanding the provisions of subsection (a), above, and notwithstanding any other provision in this Agreement or the Lease to the contrary, the Company may make a collateral assignment of all or any portion of its interests in this Agreement, the Lease and the Project for the benefit of one or more banks or other lenders that, from time to time, provide financing to the Company. Nothing in this Agreement or the Lease shall in any way restrict any sale or transfer of the leasehold interest and other interests of the Company in the Project pursuant to a judicial or non-judicial foreclosure sale as a result of the exercise of any one or more lender's rights under the applicable loan documents. The City, the County and the Board shall cooperate with the Company, to the extent reasonable and at no additional cost to the City, County or Board, in consummating any financing for the Company that involves a pledge or assignment of the Company's interests in this Agreement, the Lease or the Project. Without limitation of the foregoing, the Mayor of the City, the Mayor of the County, and the Chairman of the Board, or any of their respective designees, are authorized, upon the Company's request, enter into or consent to such documents as are necessary to consummate such financing including, without limitation, the "HUD Rider to Security Instrument" attached hereto as Exhibit "B" as well as additional consents to assignment, deeds of trust, estoppel certificates, subordination and

non-disturbance agreements, affidavits and certificates, provided that any such documents are expressly non-recourse to the City, County and Board beyond the Board's interest in the Project

16. Severability. In the event that any clause or provision of this Agreement shall be held to be invalid by any court or jurisdiction, the invalidity of any such clause or provision shall not affect any of the remaining provisions of this Agreement.

17. No Liability of Board, City and County Officers. No recourse under or upon any obligation, covenant or agreement contained in this Agreement shall be had against any incorporator, member, official, director or officer, as such, of the Board, the City or the County, whether past, present or future, either directly or through the Board, the City or the County. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director or officer, as such, is hereby expressly waived and released as a condition of and consideration for the execution of this Agreement.

18. Binding Effect. This Agreement shall be binding upon and inure to the benefit of each of the parties and signatories hereto and to their respective successors and assigns.

19. Governing Law. The Agreement shall be governed by, and construed in accordance with, the laws of the State of Tennessee.

20. Amendments. This Agreement may be amended only in writing, signed by each of the parties hereto, except that the Trustee and the Assessor shall not be required to join in amendments unless such amendments affect their respective duties hereunder.

[Signature Page Follows]

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

ATTEST:

By: _____
Secretary

THE HEALTH, EDUCATIONAL AND
HOUSING FACILITY BOARD OF THE CITY
OF CHATTANOOGA, TENNESSEE

By: _____
Chairman

APP BATTERY PARTNERS, L.L.P.,
a Tennessee limited liability limited partnership

By: Alco Properties Partners, LLC
a Delaware limited liability company,
its sole General Partner

By: 
Title: President of Co.

CITY OF CHATTANOOGA, TENNESSEE

By: _____
Mayor

HAMILTON COUNTY, TENNESSEE

By: _____
County Mayor

WILLIAM F. HULLANDER

By: _____
Hamilton County Trustee

MARTY HAYNES

By: _____
Hamilton County Assessor of
Property

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

ATTEST:

By: [Signature]
Secretary

THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE

By: [Signature]
Vice Chairman

APP BATTERY PARTNERS, L.L.L.P.

By: _____
Title: _____

CITY OF CHATTANOOGA, TENNESSEE

By: [Signature]
Mayor

HAMILTON COUNTY, TENNESSEE

By: _____
County Mayor

WILLIAM F. HULLANDER

By: _____
Hamilton County Trustee

MARTY HAYNES

By: _____
Hamilton County Assessor of Property

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

THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE

ATTEST:

By: _____
Secretary

By: _____
Chairman

APP BATTERY PARTNERS, L.L.L.P.

By: _____
Title: _____

CITY OF CHATTANOOGA, TENNESSEE

By: _____
Mayor

HAMILTON COUNTY, TENNESSEE

By: J. M. Copping
County Mayor

WILLIAM F. HULLANDER

By: William F. Hullander
Hamilton County Trustee

MARTY HAYNES

By: Marty Haynes
Hamilton County Assessor of Property

EXHIBIT A

REAL PROPERTY LEGAL DESCRIPTION

A parcel of land situated in Hamilton County, Tennessee being a part of Block forty-three (43) Glass Farm as recorded in Plat Book 1, page 1 Registers Office Hamilton County (R.O.H.C.) and part of North Missionary Ridge Development Company's Subdivision Number One (Plat unrecorded) and part of Ford Avenue abandoned by Ordinance number 2068 City of Chattanooga with a description as follows:

Begin at the Southwest corner of Danny Crumsey Deed Book 7278, page 847 R.O.H.C.; thence with and along the West right of way of Campbell Street, a 50 foot dedicated public right of way, with a series of bearings and distances as follows: South 87 degrees 50 minutes 29 seconds West 170.00 feet to a point of curve with a curve measured to the left an arc distance 204.67 feet to a point of tangent. Said curve has a radius 296.30 feet, tangent 106.61 feet and is subtended by chord South 69 degrees 30 minutes 43 seconds West 200.63 feet, South 52 degrees 09 minutes 11 seconds West 254.80 feet to a point of curve, with a curve measured to the left an arc distance 150.00 feet to point of tangent. Said curve has a radius 2,515.09 feet, tangent 75.02 feet and is subtended by chord South 53 degrees 51 minutes 42 seconds West 149.98 feet, South 49 degrees 14 minutes 11 seconds West 39.30 feet to a rebar set corner; thence leaving said right of way and with and along the North line and West line of Infinite Industries Inc. Deed Book 12020, page 649, R.O.H.C. with a series of bearing and distances as follows: North 66 degrees 51 minutes 49 seconds West 125.00 feet to a rebar corner found, South 49 degrees 14 minutes 11 seconds West 125.00 to a rebar corner found; thence leaving said lines and with and along the North line of Flora Gordon Deed Book 5352, page 641 R.O.H.C. North 66 degrees 51 minutes 49 seconds West 207.50 feet to a rebar set corner; thence leaving said line and with and along the East line of Noa Street (not open) North 24 degrees 47 minutes 39 seconds East 543.08 feet to a rebar set corner; thence leaving said line and with and along the East line of State of Tennessee Deed Book 8181, page 781 R.O.H.C. North 52 degrees 25 minutes 04 seconds East 197.00 feet to a rebar set corner; thence leaving said line and with and along the South and East lines of ARP-Gold Deed Book 6895, page 804 as follows: South 59 degrees 18 minutes 30 seconds East 279.90 feet to a point, North 55 degrees 10 minutes 24 seconds East 329.50 feet to a rebar found corner; thence leaving said lines and with and along the South right of way of Vinewood Drive, a 50 foot public dedicated right of way, with a series of bearings and distances as follows: South 59 degrees 55 minutes 20 seconds East 172.56 feet to a rebar corner found, South 53 degrees 43 minutes 31 seconds East 222.56 feet to a rebar corner set, thence leaving said lines and with and along the North and West line of Danny Crumsey aforementioned with a series of bearings and distances as follows: South 74 degrees 36 minutes 29 seconds West 122.00 feet to a point, South 02 degrees 09 minutes 31 seconds East 110.00 feet to a rebar corner found and the point of beginning. Said parcel contains 10.18 acres more or less. This description is based on Tennessee State Plane Coordinates NAD 83. The description is referenced to Hopkins Surveying Group drawing number 2020-164-3 dated July 20, 2020, last revised August 19, 2021.

BEING the same property conveyed to The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee, a public corporation duly created and existing under the laws of the State of Tennessee by Deed of recorded at Instrument No. _____, Book _____, page _____, dated _____, 2021 and recorded on _____, 2021 in the Register's Office of Hamilton County, Tennessee.

PERSONAL PROPERTY

All personal property used by the Company in connection with its housing facility located on the real property described above.

EXHIBIT "B"

**RIDER TO SECURITY INSTRUMENT
FEE JOINDER**

WARNING: Federal law provides that anyone who knowingly or willfully submits (or causes to submit) a document containing any false, fictitious, misleading, or fraudulent statement/certification or entry may be criminally prosecuted and may incur civil administrative liability. Penalties upon conviction can include a fine and imprisonment, as provided pursuant to applicable law, which includes, but is not limited to: 18 U.S.C. 1001, 1010, 1012; 13 U.S.C. 3729, 3802; 24 C.F.R. Parts 25, 28 and 30; and 2 C.F.R. Parts 180 and 2424.

RIDER TO SECURITY INSTRUMENT FEE JOINDER

This Rider (“**Rider**”) is attached to and amends the Security Instrument entered into between APP BATTERY PARTNERS, L.L.L.P., a Tennessee limited liability limited partnership (“**Borrower**”), THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE, a not-for-profit public corporation organized and existing under the laws of the State of Tennessee (“**Ground Lessor**”) and REGIONS BANK, an Alabama banking corporation (“**Lender**”), dated as of August 1, 2021.

Borrower and Ground Lessor, in consideration of the Indebtedness and the trust created by this Security Instrument, irrevocably grant, convey and assign to Trustee, in trust, with power of sale, the Mortgaged Property, including the Leasehold Estate and the Fee Estate in the Land located in Hamilton County, State of Tennessee, and described in Exhibit A to the Security Instrument.

To the extent any provisions of this Rider conflict with any provisions in the body of the Security Instrument to which this Rider is attached, the provisions of this Rider shall prevail. Any terms in the body of the Security Instrument not in conflict with the provisions of this Rider remain in full force and effect.

Notwithstanding anything else in the Security Instrument to which this Rider is attached, and for valuable consideration, the receipt and sufficiency of which the parties hereto hereby acknowledge and agree, and to induce the Lender to make the Loan to Borrower described in the Security Instrument, Borrower and Ground Lessor covenant and agree as follows:

1. Definitions

The following terms shall be added to Section 1 (Definitions) of the Security Instrument:

- (a) “**Fee Estate**” means that fee simple interest in the Land, presently held by Ground Lessor.
- (b) “**Ground Lease**” means that lease attached as Exhibit C, pursuant to which Borrower leases the Land from Ground Lessor, as such lease may be amended,

modified, supplemented, renewed, and extended, but only with prior written approval of Lender and HUD.

- (c) **“Ground Lessor”** means that landlord, leasing the Land to Borrower pursuant to the Ground Lease.
- (d) **“Leasehold Estate”** means Borrower’s interest in the Land and all other real property, existing pursuant to the Ground Lease, including the following:
 - (i) All rights of Borrower to renew or extend the term of the Ground Lease.
 - (ii) All amounts deposited by Borrower with Ground Lessor under the Ground Lease, except payments in lieu of taxes and amounts payable to the Ground Lessor or the bond trustee described under the Ground Lease for their own account.
 - (iii) Borrower’s right or privilege to terminate, cancel, surrender, modify, or amend the Ground Lease.
 - (iv) All other options, privileges and rights granted and demised to Borrower under the Ground Lease and all appurtenances and improvements with respect to the Ground Lease.

The following term will be modified in Section 1 (Definitions) of the Security Instrument:

- (e) **“Mortgaged Property”** retains that same definition as provided in the Security Instrument, excepting that it is extended to also include Ground Lessor’s present and future right, title and interest in and to those respective items (1-17), identified in the Security Instrument’s definition of “Mortgaged Property,” provided that the same shall not include payments in lieu of taxes, rights to indemnity or liability insurance coverage, or amounts payable to the Ground Lessor or the bond trustee described under the Ground Lease for their own account.

2. Ground Lessor Joinder

- (a) Ground Lessor acknowledges and agrees that all rights and interests in the Fee Estate and Leasehold Estate and any Indebtedness owed by Borrower (now or later existing) are encumbered by the Security Instrument.
- (b) By its execution and delivery of this Rider, Ground Lessor joins in the Security Instrument with the same intent and consequence as if Ground Lessor were originally a party to the Security Instrument, for the purpose of encumbering the

Project Name: Battery Heights Apartments
HUD Project Number: 087-11147

Fee Estate with the lien of the Security Instrument, granting Lender a first priority lien on the Fee Estate, and acknowledging the agreements, covenants and obligations set forth in this Rider are applicable to Ground Lessor.

- (c) Based solely on Schedule A, and except for the exceptions listed on Schedule B – Part I and Part II of the Title Policy issued by Fidelity National Title Insurance Company with a case number 9628043 for the benefit of Lender and HUD, Ground Lessor represents that Ground Lessor possesses an unencumbered fee simple absolute estate in the Land and that it owns the Land and, to the extent not owned in fee by Borrower, the Improvements, free and clear of all Liens, encumbrances and charges except for those otherwise approved by Lender and HUD.
- (d) Ground Lessor represents to Lender and HUD that it has the power, authority and right to execute this Rider and to deed, grant, convey and assign a security interest in Ground Lessor's right, title and interest in the Mortgaged Property pursuant to the terms of this Rider and to keep and observe all of the terms of this Rider to be performed by Ground Lessor under this Rider.
- (e) Ground Lessor agrees that it shall not without the prior written approval of Lender and HUD:
 - a. Convey, assign, transfer, pledge, or encumber any part of the Mortgaged Property or any interest in the Mortgaged Property, except as provided for under the Ground Lease.
- (f) Ground Lessor acknowledges all of the following:
 - (i) Lender has not made any representations or warranties to Ground Lessor with respect to the creditworthiness of Borrower or the prospects of repayment of the Indebtedness.
 - (ii) Ground Lessor assumes full responsibility for keeping informed with respect to Borrower's business operations, if any, and financial condition to the extent Ground Lessor wishes to do so.
 - (iii) Lender will have no duty to disclose or report to Ground Lessor any information now or later known to Lender with respect to Borrower, including any information relating to any of Borrower's business operations or financial condition.
- (g) At any time, after Ground Lessor receives from Lender or HUD a notice of an Event of Default under any of the Loan Documents, Ground Lessor has the right (but will not be obligated) to make any payment, perform any obligation and take

any other action that Borrower would have the right to pay, perform or take under the applicable Loan Document which Ground Lessor deems necessary or desirable to cure the Event of Default.

- (h) Ground Lessor acknowledges and agrees that, upon the occurrence of an Event of Default, Lender or Trustee (if applicable) may take such action, without notice or demand, including foreclosure of the Mortgaged Property, as it deems advisable, to protect and enforce its rights against Borrower, Ground Lessor, and in and to the Mortgaged Property, including the Land, to the fullest extent under the terms of this Rider, the Security Instrument, and the other Loan Documents.
- (i) Ground Lessor has no personal liability for the repayment of the Indebtedness or the performance of any of Borrower's obligations under the Loan Documents. Ground Lessor's liability is expressly limited to the Mortgaged Property. However, nothing in this Rider limits the liability or obligations of Ground Lessor, in its capacity as landlord, under the Ground Lease.

3. Borrower's Acquisition of Fee Estate

- (a) If Borrower acquires the Fee Estate, there will be no merger between the Fee Estate and the Leasehold Estate unless all parties, including Lender, having an interest in the Ground Lease consent in writing to the merger of estates.
- (b) If Borrower acquires the Fee Estate during any period in which HUD insures or holds the Security Instrument and Note, Borrower must promptly notify HUD and Lender (if applicable) of such acquisition.
- (c) Simultaneously with Borrower's acquisition of the Fee Estate, the lien of this Security Instrument automatically, without the necessity of any further conveyance or recording, continues to cover the Fee Estate and remains prior to the Lien of any mortgage, deed of trust or other Lien placed on the Fee Estate after the date of this Security Instrument. Promptly after Borrower's acquisition of the Fee Estate, Borrower, at its sole cost and expense, including payment of Lender's attorneys' fees and costs and out-of-pocket disbursements, will execute and deliver all documents and instruments necessary to subject or further subject the Fee Estate to the first lien of this Security Instrument or to confirm and ratify such first lien, and must provide to Lender a title insurance policy insuring the lien of this Security Instrument as a first lien on the Fee Estate and the Leasehold Estate, as applicable.

Project Name: Battery Heights Apartments
HUD Project Number: 087-11147

Each signatory below hereby certifies that each of their statements and representations contained in this Rider and all their supporting documentation thereto are true, accurate, and complete, and that each signatory has read and understands the terms of this Rider. This Agreement has been made, presented, and delivered for the purpose of influencing an official action of HUD in insuring the Loan, and may be relied upon by HUD as a true statement of the facts contained therein.

Project Name: Battery Heights Apartments
HUD Project Number: 087-11147

IN WITNESS WHEREOF, Borrower and Ground Lessor have signed and delivered this Rider to the Security Instrument or have caused this Rider to the Security Instrument to be signed and delivered by their duly authorized representatives, as a sealed instrument.

BORROWER:

APP BATTERY PARTNERS, L.L.L.P.,
a Tennessee limited liability limited partnership

By: Alco Properties Partners, LLC,
a Delaware limited liability company,
Its General Partner

By: _____
Robert D. Hyde
President

State of _____

County of _____

The foregoing instrument was acknowledged before me this _____ day of _____, 2020 by Robert D. Hyde, the President of Alco Properties Partners, LLC, a Delaware limited liability company, the General Partner of APP BATTERY PARTNERS, L.L.L.P., a Tennessee limited liability limited partnership, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Witness my hand and official seal.

Notary Public
My commission expires: _____

Project Name: Battery Heights Apartments
HUD Project Number: 087-11147

GROUND LESSOR:

**The Health, Educational and Housing
Facility Board of the City of
Chattanooga, Tennessee**, a not-for-
profit public corporation organized and
existing under the laws of the State of
Tennessee

By: _____
Name:
Title:

[SEAL]

ATTEST:

By: _____
Name:
Title:

State of _____

County of _____

The foregoing instrument was acknowledged before me this ____ day of _____, 20__
by _____, _____ of The Health, Educational and Housing Facility Board of
the City of Chattanooga, Tennessee, a not-for-profit public corporation organized and existing
under the laws of the State of Tennessee.

Witness my hand and official seal.

Notary Public
My commission expires: _____