

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2013	2014	2015	2016	2017
Capital Expenditures					
Operating Costs					
External Revenues	(\$12,627)				
Program Income	(\$113,100)				
In-Kind Match (County)					
NET FISCAL IMPACT	(\$125,727)				

# ADDITIONAL FTE POSITIONS (Cumulative)					
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Is Item Included In Current Budget? Yes _____ No _____


Budget Account No.:

Fund _____ Dept _____ Unit _____ Object _____ Program Code/Period _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

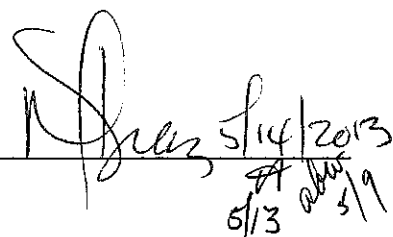
Approval of this agenda item will provide \$12,627.46 in administrative fees to the Department of Economic Sustainability and \$113,099.68 in program income to the Affordable Housing Trust Fund 1100

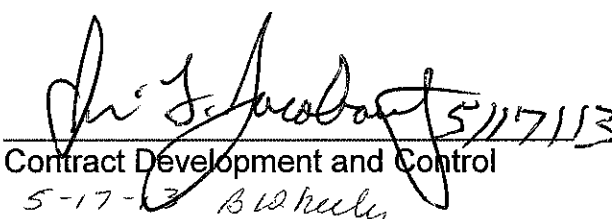
C. Departmental Fiscal Review:

 5-7-13
 Shairrette Major, Fiscal Manager I

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development and Control Comments:

 5/14/2013
 OFMB 5/13 5/19

 5/17/13
 Contract Development and Control 5-17-13 B. Wheeler

B. Legal Sufficiency:


 Chief Assistant County Attorney

C. Other Department Review:

 Department Director

(THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT)

Background and Justification: (Continued from Page 1)

On February 15, 2000, the Board of County Commissioners (BCC) conceptually approved the Commission on Affordable Housing Advisory Committee's (CAHAC) recommendation to approve \$291,950 in SHIP funds for MCA, and January 27, 2005, the BCC approved the CAHAC's recommendation to approve an additional \$50,000 in SHIP funds for MCA. The Marina Bay Apartments project is located at 2400 Lantana Road, Lantana, FL 33462.

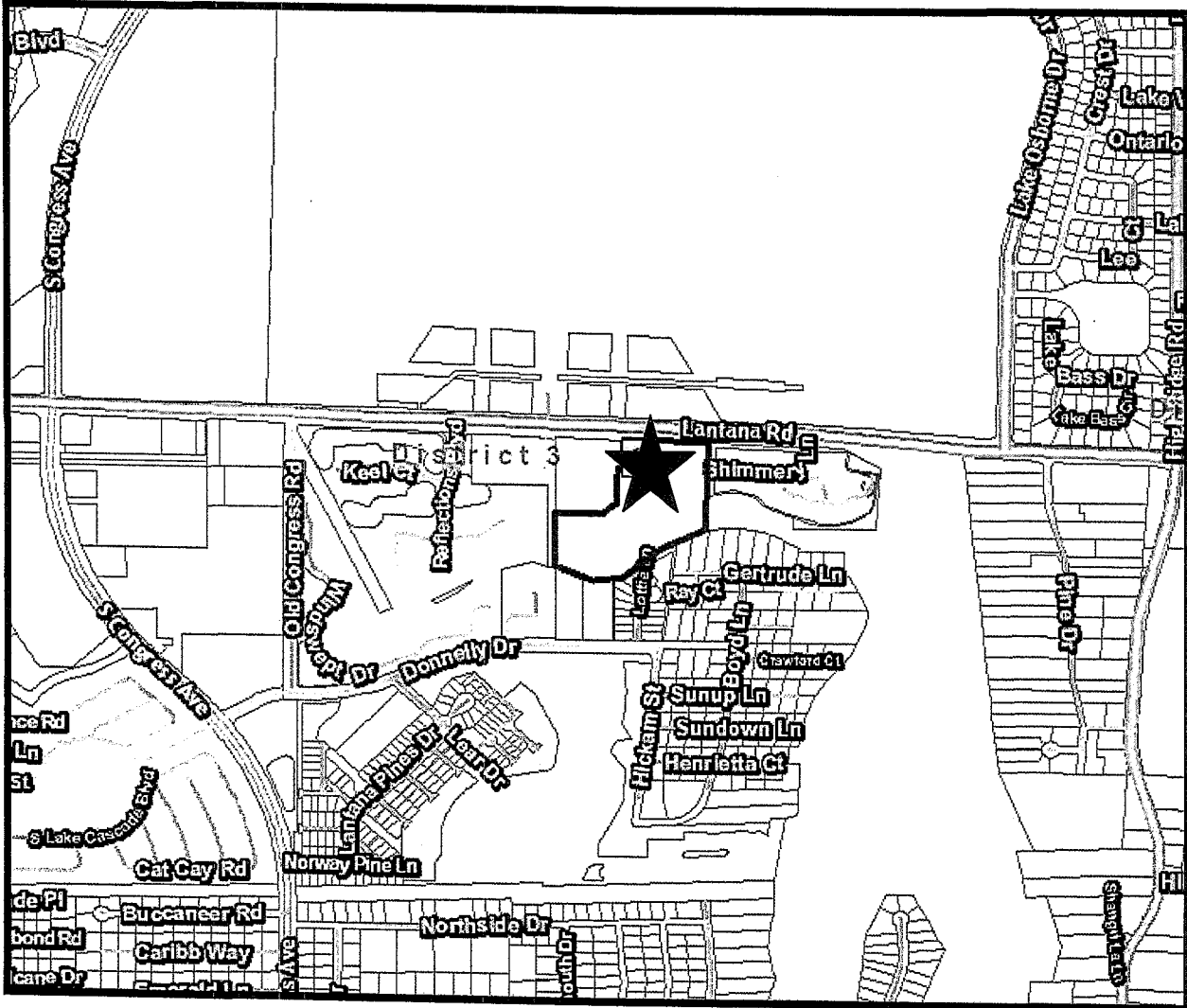
LOCATION MAP



Marina Bay Apartments

2400 Lantana Road, Lantana, FL 33462

North



**FIRST AMENDMENT TO MORTGAGE AND SECURITY AGREEMENT
AND MODIFICATION OF PROMISSORY NOTE**

THIS FIRST AMENDMENT TO MORTGAGE AND SECURITY AGREEMENT AND MODIFICATION OF PROMISSORY NOTE ("First Amendment and Modification") executed on _____, by MARINA CLINTON ASSOCIATES, LTD., a Florida limited partnership (the "Mortgagor" or "Maker"), as party of the first part, and PALM BEACH COUNTY, a political subdivision of the State of Florida (the "Mortgagee" or "Holder") (which term as used in every instance shall include the Mortgagee's successors and assigns), as party of the second part;

WITNESSETH:

WHEREAS, Mortgagee is the owner of that certain Mortgage and Security Agreement ("Mortgage") executed by Marina Clinton Associates, Ltd., as Mortgagor, to the Mortgagee, on December 14, 2000, said Mortgage being recorded in Official Records Book 12202, Page 505, in the Public Records of Palm Beach County, Florida, on December 18, 2000, (the "Mortgage") and is the holder of a certain Promissory Note ("Note"), of which a copy is attached to the Mortgage, and recorded in Official Records Book 12202, Page 519, in the Public Records of Palm Beach County, Florida, in the original principal sum of TWO HUNDRED NINETY-ONE THOUSAND NINE HUNDRED FIFTY and 00/100 DOLLARS (\$291,950.00) (the "Note"); and

WHEREAS, the parties desire to amend the Mortgage and modify the Note as hereinafter set out.

NOW THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration paid by the Mortgagor to the Mortgagee, receipt of which is hereby acknowledged by Mortgagee, it is mutually understood and agreed that said Mortgage and Note be amended and modified as follows:

1. The term "Loan Documents" as used in the Mortgage and the Note shall be modified to include this First Amendment and Modification, and any other amendment and/or modification to the Loan Documents entered into by the parties whether or not specifically named.
2. The term "First Mortgage" as used in the Loan Documents shall mean the separate mortgage executed by Mortgagor in favor of Lancaster Pollard Mortgage Company, an Ohio corporation, dated _____ in the amount of Eleven Million Nine Hundred Thousand and no/100 Dollars (\$11,900,000.00).
3. Mortgage, Page 2: The maturity date of the Note referenced therein is hereby extended to June 1, 2048.
4. Note, Paragraph 2(b): The Maturity Date as set forth therein is hereby extended to June 1, 2048.
5. Note, Paragraph 3: The following is added to the end of Paragraph 3:

Project Expenses means any usual and customary operating, development and financial costs associated with the Project, including, without limitation, any compliance monitoring fee, any financial monitoring fee, any replacement reserves, repair reserves, or other reserves or escrows required by any senior lienholder, any servicing fees and any debt service reserves or payments required by any senior lienholder, guaranty fees which are payable while any guarantees are in place. The term Project Expenses shall also include the management company's fee for providing professional customary management services for the Project on a day to day basis, including marketing, maintenance, leasing, compliance duties, management of budget, daily operations, and administrative expenses such as office supplies, postage/express mail, office equipment lease and repair (fax, copier, computers), telephone, internet, license, fees and permits, legal expenses, accounting and audit expenses, and resident services. Cash flow shall be reported annually by Maker using a form provided by Holder or, in the event Holder does not provide a form, using a form acceptable to Holder.

6. Maker acknowledges that the Holder requires payment of \$17,928.00 in deferred interest and \$91,248.00 in accrued interest on the principal balance of the Note for a total interest payment of \$109,176.00 in connection herewith, which Maker shall pay as set forth herein. Maker further acknowledges that the extension of the maturity date of the Note will require Holder to provide staff administrative resources that Holder had not planned on utilizing. As Holder has agreed to extend the maturity date of the Note in order to allow Maker to refinance its first mortgage, Maker shall pay Holder administrative/monitoring fees for the extension in installments as follows: \$12,627.46 for the first 5 years of the extension, \$14,638.69 for the next 5 years of the extension, and \$28,423.68 for the remainder of the extension. Maker shall pay Holder the first installment of \$12,627.46 now. The second installment in the amount of \$14,638.69 shall be due to Holder no later than May 31, 2018, and the final installment in the amount of \$28,423.68 shall be due to Holder no later than May 31, 2023. Concurrent with Maker's closing of the First Mortgage with Lancaster Pollard Mortgage Company, Maker shall deliver a check to Holder in the amount of \$125,727.14, payable to the Palm Beach County Board of County Commissioners. This payment represents payment of the deferred and accumulated interest required to be paid and the first installment of administrative/monitoring fees. The parties acknowledge that with this payment, all deferred interest and all accrued interest will have been paid through May 31, 2013. Interest shall begin to accrue again commencing on June 1, 2013.
7. This First Amendment and Modification shall be executed in three (3) counterparts, each of which shall be deemed to be an original, and such counterparts will constitute one and the same instrument.
8. All other terms and conditions of the original Mortgage and Security Agreement, and the Promissory Note, unless specifically changed herein, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed in their respective names and have caused their seals to be affixed by their respective proper officers thereunto duly authorized.

Signed, sealed, and delivered in the presence of:

MARINA CLINTON ASSOCIATES, LTD., a Florida limited partnership

Witness Signature

By: M Bay Associates, LLC, a Florida limited liability company, its General Partner

Witness Name

By: SCA Properties, LLC, a Florida limited liability company, its Manager

Witness Signature

By: _____
Garrett G. Carlson, Sr., Sole Manager

Witness Name

STATE OF FLORIDA
COUNTY OF _____

I HEREBY CERTIFY that on this date of _____, 2013, before me _____, an officer duly authorized in the State and County aforesaid to take acknowledgments, the foregoing instrument was acknowledged by GARRETT G. CARLSON, SR. as Sole Manager of SCA Properties, LLC, a Florida limited liability company, Manager of M Bay Associates, LLC, a Florida limited liability company, general partner of MARINA CLINTON ASSOCIATES, LTD, a Florida limited partnership, for and on behalf of said company and partnership. She/He is personally known to me or has produced _____ as identification.

Notary Seal

Notary (Signature)

Print/Type Name

My Commission Expires: _____

Commission Number: _____

**PALM BEACH COUNTY, FLORIDA, a
Political Subdivision of the State of Florida**

**FOR ITS BOARD OF COUNTY
COMMISSIONERS**

By: _____
Shannon R. LaRocque-Baas, P.E.
Assistant County Administrator

Approved as to Form
and Legal Sufficiency

Approved as to Terms and Conditions
Department of Economic Sustainability

By: _____
Tammy K. Fields
Chief Assistant County Attorney

By: _____
Sherry Howard
Deputy Director

**FIRST AMENDMENT TO MORTGAGE AND SECURITY AGREEMENT
AND MODIFICATION OF PROMISSORY NOTE**

THIS FIRST AMENDMENT TO MORTGAGE AND SECURITY AGREEMENT AND MODIFICATION OF PROMISSORY NOTE ("First Amendment and Modification") executed on _____, by MARINA CLINTON ASSOCIATES, LTD., a Florida limited partnership (the "Mortgagor" or "Maker"), as party of the first part, and PALM BEACH COUNTY, a political subdivision of the State of Florida (the "Mortgagee" or "Holder") (which term as used in every instance shall include the Mortgagee's successors and assigns), as party of the second part;

WITNESSETH:

WHEREAS, Mortgagee is the owner of that certain Mortgage and Security Agreement ("Mortgage") executed by Marina Clinton Associates, Ltd., as Mortgagor, to the Mortgagee, on July 26, 2005, said Mortgage being recorded in Official Records Book 19186, Page 36, in the Public Records of Palm Beach County, Florida, on September 2, 2005, (the "Mortgage") and is the holder of a certain Promissory Note ("Note"), of which a copy is attached to the Mortgage, and recorded in Official Records Book 19186, Page 50, in the Public Records of Palm Beach County, Florida, in the original principal sum of FIFTY THOUSAND and 00/100 DOLLARS (\$50,000.00) (the "Note"); and

WHEREAS, the parties desire to amend the Mortgage and modify the Note as hereinafter set out.

NOW THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration paid by the Mortgagor to the Mortgagee, receipt of which is hereby acknowledged by Mortgagee, it is mutually understood and agreed that said Mortgage and Note be amended and modified as follows:

1. The term "Loan Documents" as used in the Mortgage and the Note shall be modified to include this First Amendment and Modification, and any other amendment and/or modification to the Loan Documents entered into by the parties whether or not specifically named.
2. The term "First Mortgage" as used in the Loan Documents shall mean the separate mortgage executed by Mortgagor in favor of Lancaster Pollard Mortgage Company, an Ohio corporation, dated _____ in the amount of Eleven Million Nine Hundred Thousand and no/100 Dollars (\$11,900,000.00).
3. Mortgage, Page 2: The maturity date of the Note referenced therein is hereby extended to June 1, 2048.
4. Note, Paragraph 2(b): The Maturity Date as set forth therein is hereby extended to June 1, 2048.
5. Note, Paragraph 3: The following is added to the end of Paragraph 3:

Project Expenses means any usual and customary operating, development and financial costs associated with the Project, including, without limitation, any compliance monitoring fee, any financial monitoring fee, any replacement reserves, repair reserves, or other reserves or escrows required by any senior lienholder, any servicing fees and any debt service reserves or payments required by any senior lienholder, guaranty fees which are payable while any guarantees are in place. The term Project Expenses shall also include the management company's fee for providing professional customary management services for the Project on a day to day basis, including marketing, maintenance, leasing, compliance duties, management of budget, daily operations, and administrative expenses such as office supplies, postage/express mail, office equipment lease and repair (fax, copier, computers), telephone, internet, license, fees and permits, legal expenses, accounting and audit expenses, and resident services. Cash flow shall be reported annually by Maker using a form provided by Holder or, in the event Holder does not provide a form, using a form acceptable to Holder.

6. Maker acknowledges that the Holder requires payment of \$1,216.56 in deferred interest and \$2,707.12 in accrued interest on the principal balance of the Note for a total interest payment of \$3,923.68 in connection herewith, which Maker shall pay as set forth herein. Maker further acknowledges that the extension of the maturity date of the Note will require Holder to provide staff administrative resources that Holder had not planned on utilizing. The cost of monitoring shall be paid as part of the extension of Maker's 2000 mortgage with Holder. Concurrent with Maker's closing of the First Mortgage with Lancaster Pollard Mortgage Company, Maker shall deliver a check to Holder in the amount of \$3,923.68 interest, payable to the Palm Beach County Board of County Commissioners. This payment represents payment of the deferred and accumulated interest required to be paid. The parties acknowledge that with this payment, all deferred interest and all accrued interest will have been paid through May 31, 2013. Interest shall begin to accrue again commencing on June 1, 2013.
7. This First Amendment and Modification shall be executed in three (3) counterparts, each of which shall be deemed to be an original, and such counterparts will constitute one and the same instrument.
8. All other terms and conditions of the original Mortgage and Security Agreement, and the Promissory Note, unless specifically changed herein, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed in their respective names and have caused their seals to be affixed by their respective proper officers thereunto duly authorized.

Signed, sealed, and delivered in the presence of:

MARINA CLINTON ASSOCIATES, LTD., a Florida limited partnership

Witness Signature

By: M Bay Associates, LLC, a Florida limited liability company, its General Partner

Witness Name

By: SCA Properties, LLC, a Florida limited liability company, its Manager

Witness Signature

By: _____
Garrett G. Carlson, Sr., Sole Manager

Witness Name

STATE OF FLORIDA
COUNTY OF _____

I HEREBY CERTIFY that on this date of _____, 2013, before me _____, an officer duly authorized in the State and County aforesaid to take acknowledgments, the foregoing instrument was acknowledged by GARRETT G. CARLSON, SR. as Sole Manager of SCA Properties, LLC, a Florida limited liability company, Manager of M Bay Associates, LLC, a Florida limited liability company, general partner of MARINA CLINTON ASSOCIATES, LTD, a Florida limited partnership, for and on behalf of said company and partnership. She/He is personally known to me or has produced _____ as identification.

Notary Seal

Notary (Signature)

Print/Type Name

My Commission Expires: _____

Commission Number: _____

**PALM BEACH COUNTY, FLORIDA, a
Political Subdivision of the State of Florida**

**FOR ITS BOARD OF COUNTY
COMMISSIONERS**

By: _____
Shannon R. LaRocque-Baas, P.E.
Assistant County Administrator

Approved as to Form
and Legal Sufficiency

Approved as to Terms and Conditions
Department of Economic Sustainability

By: _____
Tammy K. Fields
Chief Assistant County Attorney

By: _____
Sherry Howard
Deputy Director

Z:\SHIP\Marina Bay\1stAmend2005Mtg.003.clean.docx

Subordination Agreement

U.S. Department of Housing
and Urban Development
Office of Housing

OMB Approval No. 2502-0598
(Exp. 04/30/2014)

Public Reporting Burden for this collection of information is estimated to average 0.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number. While no assurance of confidentiality is pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information Act request.

Project Name: **Marina Bay Rental Community**
HUD Project No: **066-11130**

THIS SUBORDINATION AGREEMENT ("Agreement") is entered into this _____ day of _____, 2013 by and among (i) LANCASTER POLLARD MORTGAGE COMPANY, an Ohio corporation ("Senior Lender"), (ii) PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS, its successors and/or assign, a political subdivision of the State of Florida ("Subordinate Lender"), and (iii) MARINA CLINTON ASSOCIATES, LTD., a Florida limited partnership ("Borrower").

Recitals

WHEREAS, Borrower is the owner of that certain 192-unit residential rental development known as "Marina Bay" ("Project"), located at 2400 Lantana Road, Lantana, Florida 33462. Senior Lender has made or is making the senior mortgage loan as described on Schedule A hereto ("Senior Indebtedness") to Borrower in the original principal amount(s) as shown on Schedule A, evidenced by the Note described in Schedule A ("Senior Note"), and secured by, among other things, the Security Instrument as described in Schedule A (collectively, "Senior Security Instrument"), covering the property described in Exhibit A attached hereto together with all improvements thereon and personal property used relative thereof, all as more particularly described in the Senior Security Instrument ("Mortgaged Property").

~~WHEREAS, Borrower has requested Senior Lender to permit Subordinate Lender to make a subordinate loan to Borrower in the amount of \$ _____ ("Subordinate Loan") and to secure the Subordinate Loan by, among other things, placing a mortgage lien against the Mortgaged Property.~~

WHEREAS, Borrower has executed for the benefit of Subordinate Lender that certain Promissory Note in the principal amount of \$291,950 dated December __, 2000 with a maturity date of April 30, 2030 (the "2000 Note"), and that certain Promissory Note in the principal amount of \$50,000 dated July 26, 2005 with a maturity date of April 30, 2021 (the "2005 Note").

WHEREAS, the indebtedness evidenced by the 2000 Note and 2005 Note (collectively, the "Palm Beach Loan") is secured by, among other things, (i) a Mortgage and Security Agreement dated December 14, 2000 executed by Borrower for the benefit of Subordinate Lender and recorded in Official Records Book 12202,

Subordination Agreement
C WRR 639832 v 8
2016604-000173

HUD-92420M (04/11)

Page 505 of the Public Records of Palm Beach County, Florida (the "2000 Mortgage") and evidenced by that Loan Agreement dated November 21, 2000 (the "2000 Agreement"), and (ii) a Mortgage and Security Agreement dated July 26, 2005 executed by Borrower for the benefit of Subordinate Lender and recorded in Official Records Book 19186, Page 0036 of the Public Records of Palm Beach County, Florida (the "2005 Mortgage", and collectively with the 2000 Mortgage, the "Mortgage") and evidenced by that Loan Agreement dated July 12, 2005 (the "2005 Agreement").

WHEREAS, pursuant to the terms of the Note and Mortgage, the Palm Beach Loan is subordinate in right of payment to the prior payment of indebtedness to the Florida Housing Finance Corporation (the "FHFC") in an original principal amount of \$10,855,000 (the "Original Loan"), evidenced by, among other things, that certain Mortgage and Security Agreement dated December 14, 2000 executed by Borrower for the benefit of FHFC and recorded in Official Records Book 12202, Page 439 of the Public Records of Palm Beach County, Florida.

WHEREAS, Borrower desires to refinance the Original Loan with a new HUD-insured loan from Senior Lender in the principal amount of \$11,900,000 (the "HUD Loan").

WHEREAS, Borrower has requested Senior Lender agree to consent to Subordinate Lender's right of payment to the prior payment of indebtedness for the Palm Beach County Loan in the amount of \$341,950 (the "Subordinate Loan") as evidenced by, among other things, a mortgage lien against the Mortgaged Property.

WHEREAS, Borrower has agreed to repay Subordinate Lender outstanding accrued interest of \$113,099.68 at funding of the HUD Loan.

WHEREAS, Borrower has agreed to repay Subordinate Lender five years of upfront administrative/monitoring costs of \$12,627.46 at funding of the HUD Loan.

WHEREAS, Senior Lender, with the approval of the U.S. Department of Housing and Urban Development ("HUD"), has agreed to ~~permit consent to the subordinate mortgage lien held by Subordinate Lender to make the Subordinate Loan and to place a subordinate mortgage lien against the Mortgaged Property, in connection with the~~ **Subordinate Loan**, subject to all of the conditions contained in this Agreement and in accordance with Program Obligations. "Program Obligations" means (1) all applicable statutes and any regulations issued by the Secretary pursuant thereto that apply to the Project, including all amendments to such statutes and regulations, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and (2) all current requirements in HUD handbooks and guides, notices, and mortgagee letters that apply to the Project, and all future updates, changes and amendments thereto, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and provided that such future updates, changes and amendments shall be applicable to the Project only

to the extent that they interpret, clarify and implement terms in this Agreement rather than add or delete provisions from such document. Handbooks, guides, notices, and mortgagee letters are available on HUD's official website: (<http://www.hud.gov/offices/adm/hudclips/index.cfm>, or a successor location to that site).

NOW, THEREFORE, in order to induce Senior Lender to ~~permit consent to Subordinate Lender's to make the Subordinate Loan to Borrower and to place a~~ subordinate mortgage lien against the Mortgaged Property, and in consideration thereof, Senior Lender, Subordinate Lender and Borrower agree as follows:

1. Definitions.

In addition to the terms defined in the Recitals to this Agreement, for purposes of this Agreement the following terms have the respective meanings set forth below:

(a) **"Affiliate"** is defined in 24 CFR 200.215, or any successor regulation.

(b) **"Bankruptcy Proceeding"** means any bankruptcy, reorganization, insolvency, composition, restructuring, dissolution, liquidation, receivership, assignment for the benefit of creditors, or custodianship action or proceeding under any federal or state law with respect to Borrower, any guarantor of any of the Senior Indebtedness, any of their respective properties, or any of their respective partners, members, officers, directors, or shareholders.

(c) **"Borrower"** means all entities identified as "Borrower" in the first paragraph of this Agreement, together with any successors, heirs, and assigns (jointly and severally). Borrower shall include any entity taking title to the Mortgaged Property, whether or not such entity assumes the Senior Note, provided that the term "Borrower" shall not include Senior Lender in the event that Senior Lender may acquire title to the Mortgaged Property. Whenever the term "Borrower" is used herein, the same shall be deemed to include the obligor of the debt secured by the Senior Security Instrument.

(d) **"Business Day"** means any day other than Saturday, Sunday or any other day on which Senior Lender or HUD is not open for business.

(e) **"Covenant Event of Default"** is defined in the Senior Security Instrument.

(f) **"[INTENTIONALLY OMITTED]"**

(g) **"Entity"** means an estate, trust, partnership, corporation, limited liability company, limited liability partnership, governmental department or agency or any other entity which has the legal capacity to own property.

(h) **"[INTENTIONALLY OMITTED]"**

(i) **"Monetary Event of Default"** is defined in the Senior Security Instrument.

(j) **"Non-Project Sources"** means any funds that are not derived from Project Sources.

(k) **"Project Sources"** means the Mortgaged Property (as defined in the Senior Security Instrument), any proceeds of the Senior loan, and any reserve or deposit made with Senior Lender or any other party as required by HUD in connection with the Senior loan.

(l) **"Senior Indebtedness"** means all present and future indebtedness, obligations, and liabilities of Borrower to Senior Lender under or in connection with the Senior loan or Senior Loan Documents.

(m) **"Senior Lender"** means the Entity named as such in the first paragraph on page 1 of this Agreement, its successors and assigns.

(n) **"Senior Loan Documents"** means the Senior Note, the Senior Security Instrument, and the Regulatory Agreement between Borrower and HUD, as such documents may be amended from time to time and all other documents at any time evidencing, securing, guaranteeing, or otherwise delivered in connection with the Senior Indebtedness.

(o) [INTENTIONALLY OMITTED]

(p) **"Senior Security Instrument Default"** means a "Monetary Event of Default" or a "Covenant Event of Default" as defined in the Senior Security Instrument.

(q) **"Subordinate Indebtedness"** means all present and future indebtedness, obligations, and liabilities of Borrower to Subordinate Lender under or in connection with the Subordinate Loan or the Subordinate Loan Documents.

(r) **"Subordinate Lender"** means the Entity that qualifies under Program Obligations and named as such in the first paragraph on page 1 of this Agreement.

(s) **"Subordinate Loan Documents"** means the Subordinate Note, the Subordinate Mortgage, and all other documents at any time evidencing, securing, guaranteeing, or otherwise delivered in connection with the Subordinate Indebtedness.

(t) **"Subordinate Loan Enforcement Action "** means the acceleration of all or any part of the Subordinate Indebtedness, the advertising of or commencement of any foreclosure or trustee's sale proceedings, the exercise of any power of sale, the acceptance of a deed or assignment in lieu of foreclosure or sale, the collecting of rents, the obtaining of or seeking of the appointment of a receiver, the seeking of default interest, the taking of possession or control of any of the Mortgaged Property, the commencement of any suit or other legal, administrative, or arbitration proceeding based upon the Subordinate Note or any other of the Subordinate Loan Documents, the exercising of any banker's lien or rights of set-off or recoupment, or the taking of any other enforcement action against Borrower, any other party liable for any of the Subordinate Indebtedness or obligated under any of the Subordinate Loan Documents, or the Mortgaged Property.

(u) "Subordinate Mortgage Default" means any act, failure to act, event, conditions, or occurrence which allows (but for any contrary provision of this Agreement), or which with the giving of notice or the passage of time, or both, would allow (but for any contrary provision of this Agreement), Subordinate Lender to take a Subordinate Loan Enforcement Action.

(v) "Surplus Cash" is defined herein to mean the same as that term is defined in the Regulatory Agreement between Borrower and HUD.

2. ~~Permission to Place~~ Consent to Subordinate Mortgage Lien Against Mortgaged Property.

Senior Lender agrees, subject to the provisions of this Agreement, to ~~permit~~ **acknowledge and consent to** Subordinate Lender's ~~to recorded~~ the Subordinate Mortgage and other recordable- ~~recorded~~ Subordinate Loan Documents against the Mortgaged Property (which are subordinate in all respects to the lien of the Senior Security Instrument) to secure Borrower's obligation to repay the Subordinate Note and all other obligations, indebtedness and liabilities of Borrower to Subordinate Lender under and in connection with the Subordinate Loan. Such ~~permission~~ **acknowledgement and consent** is subject to the condition that each of the representations and warranties made by Borrower and Subordinate Lender in Section 3 are true and correct on the date of this Agreement ~~and on the date on which the proceeds of the Subordinate Loan are disbursed to Borrower~~. If any of the representations and warranties made by Borrower and Subordinate Lender in Section 3 are not true and correct on ~~both of these dates~~ **the date of this Agreement**, the provisions of the Senior Loan Documents applicable to unpermitted liens on the Mortgaged Property shall apply.

3. Borrower's and Subordinate Lender's Representations and Warranties.

Borrower and, with respect to subsections (a) through (d) below, Subordinate Lender each make the following representations and warranties to Senior Lender:

(a) **Subordinate Loan Documents.** The Subordinate Loan is evidenced by the Subordinate Note and is secured by the Subordinate Mortgage.

(b) **Terms of the Subordinate Loan.** The original principal amount of the Subordinate Note is **\$341,950.00**. Interest on the Subordinate Note accrues ~~monthly~~ at the rate of **3.00%** per annum. The Subordinate Note is due and payable in full on **June 1, 2048**, ("Maturity"). The principal of the Subordinate Note will ~~{be fully amortized at Maturity}~~ ~~[have a balloon principal payment of \$_____ due at Maturity]~~. The promissory note evidencing the Subordinate Note obligates Borrower to make payments as follows: **annual payments shall be due on the 30th day of April for each preceding calendar year through Maturity**, subject to available Surplus Cash. As long as HUD is the insurer or holder of the Senior Note on FHA Project No. **066-11130**, any payments due from project income under the Subordinate Note shall be payable only (i) from ~~permissible distributions from~~ ~~{omit "permissible distributions from" if a profit-motivated mortgagor}~~ Surplus Cash of the Project; but in no event greater

than seventy-five percent (75%) of the total amount of Surplus Cash; or (ii) from monies received from Non-Project Sources. No prepayment of the Subordinate Note shall be made until after final endorsement by HUD of the Senior Note, unless such prepayment is made from Non-Project Sources and is approved in writing by HUD. The restriction on payment imposed by this paragraph shall not excuse any default caused by the failure of the maker to pay the indebtedness evidenced by the Subordinate Note.

(c) **Relationship of Borrower to Subordinate Lender.** Subordinate Lender is not an Affiliate of Borrower.

(d) **Term.** The term of the Subordinate Note does not end before the term of the Senior Note.

(e) **Subordinate Loan Documents.** The executed Subordinate Loan Documents are ~~substantially in the same forms as these have been~~ submitted to, and approved by, HUD prior to the date of this Agreement. ~~Upon execution and delivery of the Subordinate Loan Documents, Borrower shall deliver to Senior Lender an executed copy of each of the Subordinate Loan Documents, certified to be true, correct and complete.~~

(f) **Senior Loan Documents.** The executed Senior Loan Documents are the same forms as approved by HUD prior to the date of this Agreement. Upon execution and delivery of the Senior Loan Documents, Borrower shall deliver to Subordinate Lender an executed copy of each of the Senior Loan Documents, certified to be true, correct and complete.

4. Deliveries.

Borrower shall submit the following items to Senior Lender and HUD not later than ten (10) Business Days after the date of the initial disbursement of proceeds of the Subordinate Loan.

(a) **Title Policy Endorsement.** An endorsement to the policy of title insurance insuring the lien of the Senior Security Instrument which insures that (i) the lien of the Subordinate Mortgage is subordinate to the lien of the Senior Mortgage, and (ii) this Agreement has been recorded among the applicable land records.

~~(b) **Certification.** A certification from Borrower and Subordinate Lender to HUD that the Subordinate Loan Documents do not contain any changes from the Subordinate Loan Documents submitted to, and approved by, HUD, before the date of this Agreement.~~

(c) **Loan Documents.** A complete set of the Subordinate Loan Documents.

5. Terms of Subordination.

(a) **Agreement to Subordinate.** Senior Lender and Subordinate Lender agree that: (i) the indebtedness evidenced by the Subordinate Loan Documents is and shall be subordinated in right of payment, to the extent and in the manner provided in this Agreement, to the prior payment in full of the indebtedness evidenced by the Senior Loan Documents, and (ii) the Subordinate Mortgage and the other Subordinate Loan Documents are and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Senior Security Instrument and the other Senior Loan Documents and to all advances heretofore made or which may hereafter be made pursuant to the Senior Security Instrument and the other Senior Loan Documents (including but not limited to, all sums advanced for the purposes of (1) protecting or further securing the lien of the Senior Security Instrument, curing defaults by Borrower under the Senior Loan Documents or for any other purpose expressly permitted by the Senior Security Instrument, or (2) constructing, renovating, repairing, furnishing, fixturing or equipping the Mortgaged Property).

(b) **Subordination of Subrogation Rights.** Subordinate Lender agrees that if, by reason of its payment of real estate taxes or other monetary obligations of Borrower, or by reason of its exercise of any other right or remedy under the Subordinate Loan Documents, it acquires by right of subrogation or otherwise a lien on the Mortgaged Property which (but for this subsection) would be senior to the lien of the Senior Security Instrument, then, in that event, such lien shall be subject and subordinate to the lien of the Senior Security Instrument.

(c) **Payments Before Senior Security Instrument Default.** Until Subordinate Lender receives a default notice of a Senior Security Instrument Default from Senior Lender, Subordinate Lender shall be entitled to retain for its own account all payments made under or pursuant to the Subordinate Loan Documents provided that such payments are otherwise permitted under the terms of this Agreement.

(d) **Payments After Senior Security Instrument Default.** Borrower agrees that, after it receives notice (or otherwise acquires knowledge) of a Senior Security Instrument Default, it will not make any payments under or pursuant to the Subordinate Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorney's fees, or any other sums secured by the Subordinate Mortgage) without Senior Lender's prior written consent. Subordinate Lender agrees that, after it receives a default notice from Senior Lender with written instructions directing Subordinate Lender not to accept payments from Project Sources on account of the Subordinate Loan, it will not accept any payments under or pursuant to the Subordinate Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorney's fees, or any other sums secured by the Subordinate Mortgage) unless either (i) such payment is being made solely from Non-Project Sources or (ii) such payment is made with Senior Lender's prior

written consent. If Subordinate Lender receives written notice from Senior Lender that the Senior Security Instrument Default which gave rise to Subordinate Lender's obligation not to accept payments has been cured, waived, or otherwise suspended by Senior Lender, the restrictions on payment to Subordinate Lender in this Section 5 shall terminate, and Senior Lender shall have no right to any subsequent payments made to Subordinate Lender by Borrower prior to Subordinate Lender's receipt of a new default notice from Senior Lender in accordance with the provisions of this Section 5(d).

(e) Remitting Subordinate Loan Payments to Senior Lender. If, after Subordinate Lender receives a default notice from Senior Lender in accordance with subsection (d) above, Subordinate Lender receives any payments under the Subordinate Loan Documents (other than payments permitted under subsection (d) above), Subordinate Lender agrees that such payment or other distribution will be received and held in trust for Senior Lender and unless Senior Lender otherwise notifies Subordinate Lender in writing, will be promptly remitted, in kind to Senior Lender, properly endorsed to Senior Lender, to be applied to the principal of, interest on and other amounts due under the Senior Loan Documents in accordance with the provisions of the Senior Loan Documents. By executing this Agreement, Borrower specifically authorizes Subordinate Lender to endorse and remit any such payments to Senior Lender, and specifically waives any and all rights to have such payments returned to Borrower or credited against the Subordinate Loan. Borrower and Senior Lender acknowledge and agree that payments received by Subordinate Lender, and remitted to Senior Lender under this Section 5, shall not be applied or otherwise credited against the Subordinate Loan, nor shall the tender of such payment to Senior Lender waive any Subordinate Mortgage Default which may arise from the inability of Subordinate Lender to retain such payment or apply such payment to the Subordinate Loan.

(f) Agreement Not to Commence Bankruptcy Proceeding. Subordinate Lender agrees that during the term of this Agreement it will not commence, or join with any other creditor in commencing any Bankruptcy Proceeding with respect to Borrower, without Senior Lender's prior written consent.

6. Default Under Subordinate Loan Documents.

(a) Notice of Default and Cure Rights. Subordinate Lender shall deliver to Senior Lender a default notice within five Business Days in each case where Subordinate Lender has given a default notice to Borrower. Failure of Subordinate Lender to send a default notice to Senior Lender shall not prevent the exercise of Subordinate Lender's rights and remedies under the Subordinate Loan Documents, subject to the provisions of this Agreement. Senior Lender shall have the opportunity, but not the obligation, to cure any Subordinate Mortgage Default within 60 days following the date of such notice; provided, however that Subordinate Lender shall be entitled, during such 60-day period, to continue to pursue its rights and remedies under the Subordinate Loan Documents, subject to the limitations set forth in Section 6(b) below.

(b) **Subordinate Lender's Exercise of Remedies After Notice to Senior Lender.** If a Subordinate Mortgage Default occurs and is continuing, Subordinate Lender agrees that it will not commence foreclosure proceedings with respect to the Mortgaged Property under the Subordinate Loan Documents or exercise any other rights or remedies it may have under the Subordinate Loan Documents with respect to the Mortgaged Property, including, but not limited to accelerating the Subordinate Loan, collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies thereunder without Senior Lender's prior written consent. However, the preceding sentence shall not (i) limit Subordinate Lender's right to bring an action seeking recovery solely from Non-Project Sources or (ii) preclude Subordinate Lender from exercising or enforcing all the rights available to Subordinate Lender under the Subordinate Loan Documents and/or under applicable law to enforce covenants and agreements of Borrower relating to income, rent or affordability restrictions.

7. **Default Under Senior Loan Documents.**

(a) **Notice of Default and Cure Rights.** Senior Lender shall deliver to Subordinate Lender a default notice within five Business Days in each case where Senior Lender has given a default notice to Borrower (provided that Senior Lender shall have no liability to Borrower, Subordinate Lender or to any other Entity for failure to timely give such notice). Failure of Senior Lender to send a default notice to Subordinate Lender shall not prevent the exercise of Senior Lender's right and remedies under the Senior Loan Documents, subject to the provisions of this Agreement. Borrower agrees that Subordinate Lender shall have the opportunity, but not the obligation, to cure either a Monetary Event of Default or a Covenant Event of Default within 30 days following the date of such notice, or any time prior to an assignment of the Senior Security Instrument from Senior Lender to HUD, whichever date is later. Subordinate Lender acknowledges that Senior Lender shall be entitled during such period described above to continue to pursue its remedies under the Senior Loan Documents. Subordinate Lender shall have the opportunity to cure a Covenant Event of Default during such period described above so long as there is no Monetary Event of Default under the Senior Loan Documents. All amounts paid by Subordinate Lender to Senior Lender to cure any default under the Senior Loan Documents shall be deemed to have been advanced by Subordinate Lender pursuant to, and shall be secured by the lien of, the Subordinate Mortgage.

(b) **Cross Default.** Subordinate Lender agrees that, notwithstanding any contrary provision contained in the Subordinate Loan Documents, a Senior Security Instrument Default shall not constitute a default under the Subordinate Loan Documents if no other default occurred under the Subordinate Loan Documents.

8. **Conflict.**

Borrower, Senior Lender and Subordinate Lender each agrees that, in the event of any conflict or inconsistency between the terms of the Senior Loan Documents, the Subordinate Loan Documents and the terms of this Agreement, the terms of this Agreement shall govern and control solely as to the following: (a) the relative priority of the security interests of Senior Lender and Subordinate Lender in the Mortgaged Property; and (b) solely as between Senior Lender and Subordinate Lender, the notice requirements, cure rights, and the other rights and obligations which Senior Lender and Subordinate Lender have agreed to as expressly provided in this Agreement. Borrower acknowledges that the terms and provisions of this Agreement shall not, and shall not be deemed to: extend Borrower's time to cure any Senior Security Instrument Default or Subordinate Mortgage Default, as the case may be; give Borrower the right to notice of any Senior Security Instrument Default or Subordinate Mortgage Default, as the case may be other than that, if any, provided, respectively under the Senior Loan Documents or the Subordinate Loan Documents, as applicable; or create any other right or benefit for Borrower as against Senior Lender or Subordinate Lender.

9. Rights and Obligations of Subordinate Lender under the Subordinate Loan Documents and of Senior Lender under the Senior Loan Documents.

Subject to each of the other terms of this Agreement, all of the following provisions shall supersede any provisions of the Subordinate Loan Documents covering the same subject matter:

(a) **Protection of Security Interest.** Subordinate Lender shall not, without the prior written consent of Senior Lender in each instance, take any action which has the effect of increasing the indebtedness outstanding under, or secured by, the Subordinate Loan Documents, except that Subordinate Lender shall have the right to advance funds to cure Senior Security Instrument Defaults pursuant to Section 7(a) above and advance funds pursuant to the Subordinate Mortgage for the purpose of paying real estate taxes and insurance premiums, making necessary repairs to the Mortgaged Property and curing other defaults by Borrower under the Subordinate Loan Documents.

(b) **Condemnation or Casualty.** In the event of: a taking or threatened taking by condemnation or other exercise of eminent domain of all or a portion of the Mortgaged Property (collectively, a "Taking"); or the occurrence of a fire or other casualty resulting in damage to all or a portion of the Mortgaged Property (collectively, a "Casualty"), at any time or times when the Senior Security Instrument remains a lien on the Mortgaged Property the following provisions shall apply:

(1) Subordinate Lender hereby agrees that its rights (under the Subordinate Loan Documents or otherwise) to participate in any proceeding or action relating to a Taking and/or a Casualty, or to participate or join in any settlement of, or to adjust, any claims resulting from a Taking or a Casualty shall be and remain subordinate in all respects to Senior Lender's

rights under the Senior Loan Documents with respect thereto, and Subordinate Lender shall be bound by any settlement or adjustment of a claim resulting from a Taking or a Casualty made by or with the written consent of Senior Lender; and

(2) all proceeds received or to be received on account of a Taking or a Casualty, or both, shall be applied (to payment of the costs and expenses of repair and restoration and/or to payment of the Senior Security Instrument) in the manner determined by Senior Lender in its sole discretion; provided, however, that if Senior Lender elects to apply such proceeds to payment of the principal of, interest on and other amounts payable under the Senior Security Instrument, any proceeds remaining after the satisfaction in full of the principal of, interest on and other amounts payable under the Senior Security Instrument shall be paid to, and may be applied by, Subordinate Lender in accordance with the applicable provisions of the Subordinate Loan Documents. Any proceeds then remaining after the satisfaction in full of the principal of, interest on and other amounts payable under the Subordinate Loan Documents shall be paid by the Subordinate Lender to Borrower.

(c) **No Modification of Subordinate Loan Documents.** Borrower and Subordinate Lender each agrees that, until the principal of, interest on and all other amounts payable under the Senior Loan Documents have been paid in full, it will not, without the prior written consent of Senior Lender in each instance, increase the amount of the Subordinate Loan, increase the required payments due under the Subordinate Loan, decrease the term of the Subordinate Loan, increase the interest rate on the Subordinate Loan, or otherwise amend the Subordinate Loan terms in a manner that creates an adverse effect upon Senior Lender under the Senior Loan Documents. Any unauthorized amendment of the Subordinate Loan Documents without Senior Lender's consent shall be void ab initio and of no effect whatsoever.

10. Modification of Senior Loan Documents; Refinancing of Senior Indebtedness.

Subordinate Lender consents to any agreement or arrangement in which Senior Lender waives, postpones, extends, reduces or modifies any provisions of the Senior Loan Documents, including any provision requiring the payment of money. Subordinate Lender further agrees that its agreement to subordinate hereunder shall extend to any new mortgage debt which is for the purpose of refinancing all or any part of the Senior Security Indebtedness in accordance with Program Obligations (including reasonable and necessary costs associated with the closing and/or the refinancing) ; and that all the terms and covenants of this Agreement shall inure to the benefit of any holder of any such refinanced debt; and that all references to the Senior Indebtedness, the Senior Note, the Senior Security Instrument, the Senior Loan Documents and Senior Lender shall mean, respectively, the indebtedness related to the refinance loan, the refinance

note, the security instrument securing the refinance note, all documents evidencing securing or otherwise pertaining to the refinance note and the holder of the refinance note.

11. Default by Subordinate Lender or Senior Lender.

If Subordinate Lender or Senior Lender defaults in performing or observing any of the terms, covenants or conditions to be performed or observed by it under this Agreement, the other, non-defaulting Lender shall have the right to all available legal and equitable relief.

12. Notices.

Each notice, request, demand, consent, approval or other communication (hereinafter in this Section referred to collectively as "notices" and referred to singly as a "notice") which Senior Lender or Subordinate Lender is required or permitted to give to the other party pursuant to this Agreement shall be in writing and shall be deemed to have been duly and sufficiently given if: (a) personally delivered with proof of delivery thereof (any notice so delivered shall be deemed to have been received at the time so delivered); or (b) sent by Federal Express (or other similar national overnight courier) designating next Business Day delivery (any notice so delivered shall be deemed to have been received on the next Business Day following receipt by the courier); or (c) sent by United States registered or certified mail, return receipt requested, postage prepaid, at a post office regularly maintained by the United States Postal Service (any notice so sent shall be deemed to have been received two Business Days after mailing in the United States), addressed to the respective parties as follows:

SENIOR LENDER:

Lancaster Pollard Mortgage Company
65 East State Street, Suite 1600
Columbus, Ohio 43215
Attention: Servicing Department

With a copy to:

U.S. Department of Housing and Urban Development
Director - Office of Multifamily Asset Management
Room 6160
451 Seventh Street, S.W.
Washington, DC 20410

SUBORDINATE LENDER:

Palm Beach County Board of County
Commissioners
100 Australian Avenue, Suite 500
West Palm Beach, Florida 33406
Attention: Closing, Business and Housing Investments

with a copy to:

Palm Beach County Attorney's Office
301 North Olive Avenue
Suite 301
West Palm Beach, FL 33401

Either party may, by notice given pursuant to this Section, change the person or persons and/or address or addresses, or designate an additional person or persons or an additional address or addresses for its notices, but notice of a change of address shall only be effective upon receipt.

13. [Intentionally Omitted.]

14. General.

(a) **Assignment/Successors.** This Agreement shall be binding upon Borrower, Senior Lender and Subordinate Lender and shall inure to the benefit of the respective legal successors and assigns of Senior Lender and Subordinate Lender.

(b) **No Partnership or Joint Venture.** Senior Lender's ~~permission for~~ **consent to** the Subordinate Loan Documents does not constitute Senior Lender as a joint venturer or partner of Subordinate Lender. Neither party hereto shall hold itself out as a partner, agent or Affiliate of any other party hereto.

(c) **Senior Lender's and Subordinate Lender's Consent.** Wherever Senior Lender's consent or approval is required by any provision of this Agreement, such consent or approval may be granted or denied by Senior Lender in its sole and absolute discretion, unless otherwise expressly provided in this Agreement. Wherever Subordinate Lender's consent or approval is required by any provision of this Agreement, such consent or approval may be granted or denied by Subordinate Lender in its sole and absolute discretion, unless otherwise expressly provided in this Agreement.

(d) **Further Assurances; UCC Financing Statements.** Subordinate Lender, Senior Lender and Borrower each agree, at Borrower's expense, to execute and deliver all additional instruments and/or documents reasonably required by any other party to this Agreement in order to evidence that the Subordinate Loan Documents are subordinate to the lien, covenants and conditions of the Senior Loan Documents, or to further evidence the intent of this Agreement. Senior Lender is hereby authorized to file any and all UCC financing statement amendments required to reflect the priority of the Senior Indebtedness.

(e) **Amendment.** This Agreement shall not be amended except by written instrument signed by all parties hereto.

(f) **Governing Law.** This Agreement shall be governed by the laws of the State in which the Mortgaged Property is located, except as, so long as the Senior loan is insured or held by HUD, and solely as to rights and remedies of HUD, federal jurisdiction may be appropriate pursuant to any federal requirements. The State courts, and with respect to HUD's rights and remedies, federal courts, and governmental authorities in the State in which the Mortgaged Property is located, shall have exclusive jurisdiction over all controversies which shall arise under or in relation to the Subordinate Loan Documents. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

(g) **Severable Provisions.** If any provision of this Agreement shall be invalid or unenforceable to any extent, then the other provisions of this Agreement, shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

(h) **Term.** The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the principal of, interest on and other amounts payable under the Senior Loan Documents; (ii) the payment of all of the principal of, interest on and other amounts payable under the Subordinate Loan Documents, other than by reason of payments which Subordinate Lender is obligated to remit to Senior Lender pursuant to Section 4 hereof; (iii) the acquisition by Senior Lender of title to the Mortgaged Property pursuant to a foreclosure; or (iv) the acquisition by Subordinate Lender of title to the Mortgaged Property pursuant to a foreclosure or a deed in lieu of foreclosure of, or the exercise of a power of sale contained in, the Subordinate Mortgage, but only if such acquisition of title does not violate any of the terms of this Agreement. Notwithstanding the foregoing, in the event the Senior Indebtedness is refinanced, the term of this Agreement shall continue and the Subordinate Indebtedness and Subordinate Loan Documents shall be subordinate to any such indebtedness related to the refinance loan as provided in Section 10 above.

(i) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

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

SENIOR LENDER:

LANCASTER POLLARD MORTGAGE COMPANY, an Ohio corporation

Witnesses:

Name: _____

Name: _____

By: _____

Name: _____

Title: _____

STATE OF _____
COUNTY OF _____

On this _____ day of _____, 2013, personally appeared before me, _____, a Notary Public in and for said County and State, _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged that he is the _____ of Lancaster Pollard Mortgage Company, an Ohio corporation, and that he executed the within instrument for the purposes therein contained, and who further acknowledged that he is authorized by the corporation to execute this instrument on behalf of the corporation.

Notary Public

Commission Expires: _____

SUBORDINATE LENDER:

Witnesses:

PALM BEACH COUNTY, FLORIDA,
a political subdivision of the State of Florida

Name: _____

FOR ITS BOARD OF COUNTY
COMMISSIONERS

Name: _____

By: _____
Shannon R. LaRocque-Baas, P.E.
Assistant County Administrator

Approved as to Form
and Legal Sufficiency

Approved as to Terms and Conditions
Department of Economic Stability

By: _____
Tammy K. Fields
Chief Assistant County Attorney

By: _____
Sherry Howard
Deputy Director

STATE OF FLORIDA
COUNTY OF _____

On this _____ day of _____, 2013, personally appeared before me,
_____, a Notary Public in and for said County and
State, **Shannon R. LaRocque-Baas, P.E.**, with whom I am personally acquainted (or
proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged
that she is the **Assistant County Administrator of Palm Beach County, Florida**, a
political subdivision of the State of Florida, and that she executed the within instrument for
the purposes therein contained, and who further acknowledged that she is authorized by
the Board of County Commissioners to execute this instrument on behalf of Palm Beach
County, Florida.

Notary Public

Commission Expires: _____

BORROWER:

MARINA CLINTON ASSOCIATES, LTD.,
a Florida limited partnership

Witnesses:

Name: _____

Name: _____

By: M Bay Associates, LLC,
a Florida limited liability company
Its: General Partner

By: SCA Properties, LLC,
a Florida limited liability company
Its: Manager

By: _____
Garrett G. Carlson, Sr.
Sole Manager

STATE OF FLORIDA
COUNTY OF _____

On this _____ day of _____, 2013, personally appeared before me, _____, a Notary Public in and for said County and State, **Garrett G. Carlson, Sr.**, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged that he is the **Sole Manager of SCA Properties, LLC**, a Florida limited liability company, the Manager **M Bay Associates, LLC**, a Florida limited liability company, General Partner of **Marina Clinton Associates, Ltd.**, a Florida limited partnership, and that he executed the within instrument for the purposes therein contained, and who further acknowledged that he is authorized by the limited partnership to execute this instrument on behalf of the limited partnership as Sole Manager of the Manager of the General Partner.

Notary Public

Commission Expires: _____

SCHEDULE A

LOAN

Senior Lender	FHA Project No.	Loan Amount
Lancaster Pollard Mortgage Company	066-11130	\$11,900,000

Subordination Agreement
C WRR 639832 v 8
2016604-000173

HUD-92420M (04/11)

EXHIBIT A**Legal Description****PARCEL 1:**

All lands encompassed by the Plat of OLYMPUS CLUB OF THE PALM BEACHES, according to the Plat thereof, recorded in Plat Book 33, Page 79.

PARCEL 2:

A portion of the Plat of OLYMPUS VILLAGE, P.U.D. OF THE PALM BEACHES, according to the Plat thereof, recorded in Plat Book 33, Page 80; said lands situate, lying and being in Palm Beach County, Florida, and being more particularly described as follows:

Commencing at the Northwest corner of said Plat; thence South 0° 02' 00" West, along the West line of said Plat, a distance of 499.50 feet to the POINT OF BEGINNING; thence continue South 0° 02' 00" West, along the said West line of said Plat, a distance of 335.70 feet; thence South 67° 53' 40" East, a distance of 245.32 feet; thence North 83° 50' 00" East, along the Southerly line of said Plat, a distance of 173 feet; thence North 50° 30' 00" East, a distance of 297 feet; thence North 43° 06' 12" West, a distance of 385.51 feet; thence North 88° 04' 00" West, a distance of 15.55 feet; thence South 46° 53' 48" West, a distance of 90.24 feet; thence North 89° 58' 00" West, a distance of 282.98 feet to the POINT OF BEGINNING.

PARCELS 1 and 2 are more particularly described as follows:

Situated in the City of Lantana, County of Palm Beach and State of Florida, known as being all of the lands encompassed by the Plat of OLYMPUS CLUB OF THE PALM BEACHES, recorded in Plat Book 33, Page 79 and a portion of the Plat of OLYMPUS VILLAGE, P.U.D. OF THE PALM BEACHES, recorded in Plat Book 33, Page 80 and being more particularly described as follows:

COMMENCING at a 5/8" rebar found in the south line of Lantana Road for the Northwest corner of the Plat of OLYMPUS CLUB OF THE PALM BEACHES;

THENCE with the west line of said Plat of OLYMPUS CLUB OF THE PALM BEACHES, South 00°02'00" West, a distance of 499.09 feet to a 5/8" rebar found for the POINT OF BEGINNING of this description;

THENCE South 89°58'01" East, a distance of 283.99 feet;

THENCE North 46°53'48" East, a distance of 90.19 feet;

THENCE South 88°04'00" East, a distance of 15.55 feet;

THENCE North 01°56'00" East, a distance of 240.29 feet;

THENCE South 88°04'02" East, a distance of 30.00 feet to a 5/8-inch Iron Rod found;

THENCE North 01°56'00" East, a distance of 185.30 feet to a point in the south line of Lantana Road for the Northwest corner of the Plat of OLYMPUS VILLAGE, P.U.D. OF THE PALM BEACHES;

THENCE along the south line of Lantana Road, South 88°04'02" East, a distance of 497.24;

THENCE leaving Lantana Road, South 01°56'00" West, a distance of 564.71 feet;

THENCE South 64°20'00" West, a distance of 287.75 feet;

THENCE South 50°30'00" West, a distance of 297.00 feet;

THENCE South 83°50'00" West, a distance of 173.00 feet;

THENCE North 67°53'40" West, a distance of 245.32 feet to the west line of the aforesaid Plat of OLYMPUS CLUB OF THE PALM BEACHES;

THENCE North 00°02'00" East, a distance of 335.70 feet to the POINT OF BEGINNING.

EXECUTION COPY

This instrument prepared by
and to be returned to:
Tammy K. Fields, Esq.
Palm Beach County Attorney's Office
P.O. Box 1989
West Palm Beach, FL 33402

RETURN TO:
BERMAN WOLFE RENNERT VOGEL & MANDLER, P.A.
Attention Terry Knox
100 S.E. Second Street, Suite 3800
Miami, FL 33131
W/c/3 EWU

MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE INDENTURE, executed this 14 day of December, 2000, by MARINA CLINTON ASSOCIATES, LTD., a Florida limited partnership, (the "Mortgagor"), as party of the first part, and PALM BEACH COUNTY, a political subdivision of the State of Florida (the "Mortgagee") (which term as used in every instance shall include the Mortgagee's successors and assigns), as party of the second part;

WITNESSETH:

The Mortgagor is the owner of the premises described in Exhibit "A" attached hereto (hereinafter the "Premises") and made a part hereof. Mortgagee has this date loaned Two Hundred Ninety-one Thousand Nine Hundred and Fifty Dollars (\$291,950.00) to Mortgagor and in connection therewith Mortgagor has this date executed and delivered to Mortgagee its Promissory Note in that amount (the "Note"). A true copy of the Note is annexed hereto as Exhibit "B" and forms a part hereof.

This Mortgage is given in accordance with that certain Loan Agreement executed on the 21 day of November, 2000 between Mortgagor and Mortgagee. This Mortgage and Security Agreement, the Note, and the Loan Agreement shall hereinafter collectively be referred to as the "Loan Documents".

GRANTING CLAUSE

NOW, THEREFORE, the Mortgagor, in consideration of the premises and in order to secure payment of both the principal of, and the interest and any other sums payable on, the Note or this Mortgage, and the performance and observance of all the provisions hereof, and of the loan documents, hereby gives, leases, bargains, sells, warrants, aliens, remises, releases, conveys, assigns, transfers, mortgages, hypothecates, deposits, pledges, sets over and confirms unto the Mortgagee, all of the Mortgagor's estate, right, title and interest in, to and under any and all of the Premises, improvements (including improvements to be made hereafter), fixtures here and below described and located on the Premises which sometimes collectively referred to hereinafter as the "Mortgaged Property".

TOGETHER with all and singular the rights, interests and appurtenances whatsoever, in any way belonging, relating or appertaining to any of the Premises hereinabove mentioned or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by the Mortgagor including but not limited to all of Mortgagor's sewer capacity rights, and Mortgagor's rights under contracts, permits, licenses and all other documents and payments affecting the Premises, reserving only the right to the Mortgagor to collect the same so

NOTE TO RECORDER: NOTES AND MORTGAGES OWNED BY PALM BEACH COUNTY, FLORIDA, A POLITICAL SUBDIVISION OF THE STATE OF FLORIDA, ARE EXEMPT FROM INTANGIBLE TAXES PURSUANT TO FLORIDA STATUTE SECTION 199.183.

long as the Mortgagor is not in default hereunder and so long as the same are not subjected to garnishment levy, attachment or lien.

TO HAVE AND TO HOLD the Premises and all parts, rights, members and appurtenances thereof, to the use, benefit and behalf of the Mortgagee, its successors and assigns in fee simple forever, and the Mortgagor covenants that the Mortgagor is lawfully seized and possessed of the Premises in fee simple and has good right to convey the same, that the same are unencumbered excepting taxes accruing subsequent to 1999, and those certain exceptions appearing on the Mortgagee's Title Insurance Policy given in connection herewith and specifically approved by Mortgagee, and that the Mortgagor will warrant and defend the title thereto against the claims of all persons whomsoever, except as hereinafter expressly provided.

Notwithstanding the foregoing, this Mortgage shall be subject and subordinate to separate mortgage and security agreements and related loan documents encumbering the Premises upon their execution by Mortgagor in favor of the Florida Housing Finance Corporation ("FHFC") in an original principal amount not to exceed \$11,500,000 ("First Mortgage").

PROVIDED ALWAYS that if the Mortgagor shall pay unto the Mortgagee all sums required under the terms of the Note, which Note is in the original principal amount of \$291,950.00 and has a maturity date of December 31, 2030, unless such maturity is accelerated as set forth in the Note, and shall comply with and abide by each and every one of the stipulations, agreements, conditions and covenants of the Loan Documents, then in such event this Mortgage and Security Agreement and the estate hereby created shall cease and be null and void.

The Mortgagor covenants with the Mortgagee as follows:

1.1 Payments of Indebtedness. The Mortgagor shall punctually pay the principal and interest and all other sums to become due in respect to the Note at the time and place and in the manner specified in the Note, according to the true intent and meaning thereof, all and any coin or currency of the United States of America which at the time of such payment shall be legal tender for the payment of public and private debts.

1.2 Taxes, Liens and Other Charges

(a) The Mortgagor, from time to time when the same shall become due and payable, will pay and discharge all taxes of every kind and nature, all general and special assessments, levies, permits, inspection and license fees, all water and sewer rents and charges and all other public charges, whether of a like or different nature, imposed upon or assessed against the Mortgaged Property or any part thereof or upon the revenues, rents, issues, income and profits of the Mortgaged Property or arising in respect of the occupancy, use or possession thereof. The Mortgagor will, upon the request of the Mortgagee, deliver to the Mortgagee copies of receipts evidencing the payment of all such taxes, assessments, levies, fees, rents and other public charges imposed upon or assessed against the Mortgaged Property or the revenues, rents, issues, income or profits thereof.

(b) The Mortgagor shall pay, from time to time when the same shall become due, all lawful claims and demands of mechanics, materialmen, laborers, and other persons or entities which, if unpaid, might result in or permit the creation of, a lien on Mortgaged Property or any part hereof, or on the revenues, rents,

issues, income and profits arising therefrom whether such lien is or may become prior or remain inferior to the Mortgage and also, irrespective of the priority of such other lien(s). Mortgagor in general will do or cause to be done everything necessary so that the lien hereof shall be fully preserved, at the cost of the Mortgagor, without expense to the Mortgagee.

(c) The Mortgagor shall pay any taxes except income taxes imposed on the Mortgagee by reason of the Mortgagee's ownership of the Note or this Mortgage.

1.3 Insurance. The Mortgagor will keep the Mortgaged Property continuously insured in an amount no less than full insurable value which coverage shall insure the Mortgaged Property against loss or damage by fire and by the perils covered by extended coverage and against such other hazards as the Mortgagee, in its sole discretion, shall from time to time require, for the benefit of the Mortgagee. All such insurance at all times will be in an insurance company or companies in such amounts and with terms acceptable to the Mortgagee, with loss, if any, payable to the Mortgagee as its interest may appear, pursuant to a noncontributory mortgagee clause which shall be satisfactory to the Mortgagee; and forthwith upon the issuance of such policies they will deliver to the Mortgagee copies of receipts for the premiums paid thereon and certificates of insurance and certified copies of such policies. Any policies furnished the Mortgagee shall become its property in the event the Mortgagee becomes the owner of the Premises by foreclosure or otherwise. The Mortgagee is hereby authorized and empowered, at its option, to adjust or compromise any loss under any insurance policies on the Mortgaged Property. Each insurance company is hereby authorized and directed to make payment for all such losses to the Mortgagor and the Mortgagee jointly. Should a loss be incurred, equal to or in excess of fifty percent (50%) of the full insurable value of the Mortgaged Property, then in such event, Mortgagee and Mortgagor may jointly elect to use the proceeds for the reconstruction and repair of the Mortgaged Property or, in the alternative, to apply the net proceeds to the payment of the indebtedness hereby secured, whether then due or not. The provisions of this Section 1.3 are subject to the rights of the FHFC under the First Mortgage, to which the rights of the Mortgagee are subordinate.

1.4 Care of Premises.

(a) The Mortgagor will keep the improvements now or hereafter erected on the Premises in good condition and repair, will not commit or suffer any waste and will not do or suffer to be done anything which will increase the risk of fire or other hazard to the Premises or any part thereof.

(b) If the Premises or any part thereof is damaged by fire or any other cause, the Mortgagee will give immediate written notice of the same to the Mortgagee.

(c) The Mortgagee or its representative is hereby authorized to enter upon and inspect the Premises at any time during normal business hours.

(d) The Mortgagor will promptly comply with all present and future laws, ordinances, rules and regulations of any governmental authority affecting the Premises or any part thereof.

(e) If all or any part of the Premises shall be damaged by fire or other casualty, the Mortgagor will, upon request of the Mortgagee, promptly restore the Premises to the equivalent of its

condition immediately prior to such damage, and if a part of the Premises shall be damaged through condemnation, the Mortgagor will, upon request of Mortgagee, promptly restore, repair or alter the remaining part of the Premises in a manner satisfactory to the Mortgagee. The Mortgagee recognizes that this mortgage will be subordinate to the First Mortgage, and to the extent this provision conflicts with the similar terms and conditions of the First Mortgage, the First Mortgage shall supersede and shall be controlling. Nothing contained herein shall, however, relieve the Mortgagor from its obligation to make payments under the Promissory Note in accordance with its terms.

1.5 Further Assurances; Modifications. At any time, and from time to time, upon request by the Mortgagee, the Mortgagor will make, exercise and deliver or cause to be made, executed and delivered, to the Mortgagee, any and all other further instruments, certificates and other documents as may, in the opinion of the Mortgagee, be necessary or desirable in order to effectuate, complete, or perfect or to continue and preserve (i) the obligations of the Mortgagor under the Note, (ii) the security interest of this Mortgage, and (iii) the mortgage lien hereunder. Upon any failure by the Mortgagor so to do the Mortgagee may make, execute and record any and all such instruments, certificates and documents for and in the name of the Mortgagor and the Mortgagor hereby irrevocably appoints the Mortgagee the agent and the attorney in fact of the Mortgagor so to do.

1.6 Expenses. In addition to the expenses described in subparagraph 2.6(b) hereof, the Mortgagor will pay or reimburse the Mortgagee for all reasonable attorney's fees, costs and expenses, including those in connection with appellate proceedings, incurred by the Mortgagee in any proceedings or in any action, legal proceeding or dispute of any kind which relate to or arise from the Mortgage of the interest created herein, or the Premises, including but not limited to the exercise of the power of sale of this Mortgage, any condemnation action involving the Premises or any action to protect the security hereof, and any such amounts paid by the Mortgagee shall be secured by this Mortgage.

1.7 Estoppel Affidavits. The Mortgagor, upon ten days' prior written notice, shall furnish the Mortgagee a written statement, duly acknowledged, setting forth the unpaid principal of, and interest on, the indebtedness secured hereby and whether or not any off-sets or defenses exist against such principal and interest.

1.8 Subrogation. The Mortgagee shall be subrogated to the claims and liens of all parties whose claims or liens are discharged or paid with the proceeds of the indebtedness secured hereby.

1.9 Performance by Mortgagee of Defaults by Mortgagor. If the Mortgagor shall default in the payment of any tax, lien, assessment or charge levied or assessed against the Premises; in the payment of any utility charge, whether public or private; in the payment of any insurance premium; in the procurement of insurance coverage and the delivery of the insurance policies required hereunder; in the performance of any covenant, term or condition of any leases affecting all or any part of the Premises; or in the performance or observance of any covenant, condition or term of this Mortgage; then the Mortgagee, at its option, may perform or observe the same, and all payments made or costs incurred by the Mortgagee in connection therewith, shall be secured hereby and shall be, without demand, immediately repaid by the Mortgagor to the Mortgagee with interest thereon at the maximum rate provided by law. The Mortgagee shall be the sole judge of the

legality, validity and priority of any such tax, lien, assessment, charge, claim, premium and obligation, of the necessity for any such actions and of the amount necessary to be paid in satisfaction thereof. The Mortgagee is hereby empowered to enter and to authorize others to enter upon the Premises or any part thereof for the purpose of performing or observing any such defaulted covenant, condition or term, without thereby becoming liable to the Mortgagor or any other person in possession holding under the Mortgagor.

1.10 Condemnation. In the event of a condemnation (which term when used in the Mortgage shall include any damage or taking by any governmental authority and any transfer by private sale in lieu thereof) either temporarily or permanently, of any part of the Premises constituting twenty percent (20%) or more of the full value of the Premises, or in the event such condemnation makes the Premises unusable for the purposes contemplated herein and in the Loan Agreement, then in such event, the entire indebtedness secured hereby shall at the option of the Mortgagee, become immediately due and payable. Such events shall be a Condemnation Event ("Condemnation Event"); however, any condemnation for less than twenty percent (20%) of value or not rendering the Premises unusable, shall not be affected by this section. In the event of a Condemnation Event, the Mortgagee shall be entitled to all compensation, awards, and other payments or relief thereof, and is hereby authorized at its option, to commence, appear in, and prosecute, in its own, or the Mortgagor's name, any action or proceeding relating to any condemnation, any to settle or compromise any claim in connection therewith; and all such compensation, awards, damages, claims, rights of action and proceeds, and the right thereto from any Condemnation Event are hereby assigned by the Mortgagor to the Mortgagee, who, after deducting therefrom, all its expenses, including attorneys fees, may release any monies received by it without further affecting this Mortgage and may apply the same in such manner as the Mortgagee shall determine, to the reduction of the sum secured hereby, and any balance of such monies then remaining shall be paid to the Mortgagor. The Mortgagor agrees to execute such further assignment of any compensation, awards, damages, claims, rights of action and proceeds from a Condemnation Event as the Mortgagee may require. The provisions of this Section 1.10 are subject to the rights of the FHFC under the First Mortgage, to which the rights of the Mortgagee are subordinate.

1.11 Environmental Representations.

(a) The Mortgagor covenants with the Mortgagee that the Premises have not been used and will not be used in whole or in part for the storage of hazardous waste.

(b) No violation of any Federal, State or local environmental regulations now exists regarding the Mortgage Property.

(c) Mortgagor shall comply with all Federal, State and local environmental regulations during the construction of the improvements on the Premises.

(d) Mortgagor shall give written notice to Mortgagee immediately upon Mortgagor's acquiring knowledge of the presence of any hazardous substances on the Mortgage Property or of any hazardous substances contamination thereon, or of any notices received by Mortgagor that are violations or potential violations of any environmental regulation laws, ordinances, rules or regulations exists on the Mortgage Property.

ARTICLE II.

2.1 Due on Sale or Further Encumbrance Clause. In determining whether or not to make the loan secured hereby, Mortgagee examined the credit-worthiness of Mortgagor, found it acceptable and continues to rely upon the same as the means of repayment of the loan. Mortgagee also evaluated the background and experience of Mortgagor in owning and operating property such as the Premises, found it acceptable and continues to rely upon same as the means of maintaining the value of the Premises, was ably represented by a licensed attorney at law in the negotiation and documentation of the loan secured hereby and bargained at arm's length and without duress or any kind for all of the terms and conditions of the loan, including this provision. Mortgagor further recognizes that any secondary or junior financing placed upon the Premises (a) may divert funds which would otherwise be used to pay the Note secured hereby; (b) could result in acceleration and foreclosure by any such junior encumbrance which would force Mortgagee to take measures and incur expenses to protect its security; (c) could detract from the value of the Premises should Mortgagee's right to accept a deed in lieu of foreclosure, as a foreclosure by Mortgagee would be necessary to clear the title to the Premises.

In accordance with the foregoing and for the purposes of (i) protecting Mortgagee's security both of repayment by Mortgagor and of value of the Premises; (ii) giving Mortgagee the full benefit of its bargain and contract with Mortgagor; (iii) allowing Mortgagee to raise the interest rate and/or collect assumption fees; and (iv) keeping the Premises free of subordinate financing liens, Mortgagor agrees that if this paragraph be deemed a restraint on alienation, that it is a reasonable one and that any sale, conveyance, assignment, further encumbrance or other transfer of title to the Premises or any interest therein (whether voluntarily or by operation of law) without the Mortgagee's prior written consent, which may be withheld for any reason, shall be an Event of Default hereunder. For the purpose of and without limiting the generality of, the preceding sentence, the occurrence at any time of any of the following events shall be deemed to be an unpermitted transfer of title to the Premises and therefore an Event of Default hereunder.

(a) any sale, conveyance, assignment or other transfer of or the grant of a security interest in, all or any part of the title to the premises (a transfer of limited partnership interest in Mortgagor shall not be deemed to be a sale, transfer or refunding; however, any transfer of the general partner's interest shall be deemed to be a sale, transfer or refunding,

(b) any new or additional liabilities secured by the property without the prior written consent of Mortgagee,

Any consent by the Mortgagee, or any waiver of an event of default, under this Paragraph shall not constitute a consent to, or waiver of any right, remedy or power of the Mortgagee upon a subsequent event of default under this Paragraph.

2.2 Default. A default shall have occurred hereunder if:

(a) The Mortgagor shall fail to pay in full within fifteen (15) days from the date due and payable any installment of principal, interest, late charges or escrow deposits as required by the Note, this Mortgage and otherwise; or

(b) The Mortgagor shall fail to duly observe on time any other covenant, condition or agreement of this Mortgage the Loan Documents or of any other instrument evidencing, security or executed in connection with the indebtedness secured hereby, and such failure continues for a period of fifteen (15) days following written notice by the Mortgagee; or

(c) Any warranties or representations made or agreed to be made in any of the Loan Documents shall be breached by the Mortgagor or shall prove to be false or misleading in any material manner and such breach is not cured within 15 days following notice from Mortgagee; or

(d) Any lien for labor or material or otherwise shall be filed against the Premises, and such lien is not canceled, removed or transferred within sixty (60) days after notice of such lien; or

(e) A levy shall be made under any process on, or a receiver be appointed for, the Premises or any other property of the Mortgagor; or

(f) The Mortgagor shall file a voluntary petition in bankruptcy, or any other petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation or similar relief for the Mortgagor under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtor; or

(g) The Mortgagor shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of the Mortgagor or of all or any part of the Premises or of any or all of the rents, revenues, issues, earnings, profits or income thereof; or

(h) The Mortgagor shall make any general assignment for the benefit of creditors; or

(i) In any legal proceeding the Mortgagor shall be alleged to be insolvent or unable to pay the Mortgagor's debts as they become due and is not dismissed within sixty (60) days of Filing

(j) The Mortgagor shall do, or shall omit to do, any act, or any event shall occur, as a result of which any obligation of the Mortgagor, not arising hereunder, may be declared immediately due and payable by the holder thereof; or

(k) A breach by Mortgagor of any covenant, representation, or warranty set forth in the Loan Agreement and the expiration of any applicable grace period, or an Event of Default occurs under the terms of the Loan Agreement, or any of the other Loan Documents pertaining to the Note and Mortgage; or

(l) One Hundred Percent (100%) of the Mortgaged Property, except one (1) employee unit, shall cease to be reserved for households who have low or very low income pursuant to U.S. Government HUD guidelines for a period of thirty (30) years from the date hereof; or beyond expiration of applicable cure or grace period.

(m) The Mortgagor shall default on the First Mortgage.

(n) If the Mortgagee shall reasonably believe that any one or more of the defaults enumerated in paragraphs (a) through (m) may occur, then the Mortgagee shall notify the Mortgagor of the specific facts which create the reasonable basis for its belief and

shall request the Mortgagor to provide satisfactory evidence to the Mortgagee that such default is not likely to occur or that Mortgagor has taken appropriate steps to cure the default if it should occur.

2.3 Special Conditions.

(a) Upon sale, transfer, or refinancing of the Premises, all available proceeds of the sale shall be applied to pay the following items in order of priority:

- (1) Expenses of the sale;
- (2) First Mortgage debt in full, including fees;
- (3) All accrued but unpaid interest on the Note;
- (4) Second Mortgage debt in full, including fees.

(b) All of the principal and interest of the indebtedness secured hereby shall be due and payable upon sale, transfer, or refinancing. A transfer of limited partnership interests in Mortgagor shall not be deemed to be a sale, transfer or refinancing; however, any transfer of the general partner's interest shall be deemed to be a sale, transfer or refinancing.

(c) The indebtedness secured hereby shall be serviced by the Mortgagee or by a lending institution selected by Mortgagee.

(d) The discrimination provision of §420.516, Florida Statutes, shall apply to the loan secured hereby.

A violation of any of the above stated Special Conditions by Mortgagor shall constitute a default hereunder.

2.4 Acceleration of Maturity. If a default shall have occurred hereunder and not cured within applicable cure periods, then the whole unpaid principal sum of the indebtedness secured hereby with interest accrued thereon shall, at the option of the Mortgagee, become due and payable without notice or demand, time being of the essence of this Mortgage and of the Note secured hereby; and no omission on the part of the Mortgagee to exercise such option when entitled so to do shall be considered as a waiver of such right.

2.5 Right of Lender to Enter and Take Possession.

(a) If any default shall have occurred and be continuing, the Mortgagor, upon demand of the Mortgagee, shall forthwith surrender to the Mortgagee the actual possession of the Premises and if, and to the extent permitted by law, the Mortgagee may enter and take possession of the Premises and may exclude the Mortgagor and the Mortgagor's agents and employees wholly therefrom. In the event Mortgagee exercises its rights pursuant to this subparagraph (a), the Mortgagee shall be deemed to be acting as agent of Mortgagor and not as owner of the Premises.

(b) For the purpose of carrying out the provisions of this paragraph 2.6, the Mortgagor hereby constitutes and appoints the Mortgagee the true and lawful attorney in fact of the Mortgagor to do and perform, from time to time, any and all actions necessary and incidental to such purpose and does, by these presents, ratify and confirm any and all actions of said attorney in fact in the Premises.

(c) Whenever all such defaults have been cured and satisfied, the Mortgagee shall surrender possession of the Premises to the Mortgagor, provided that the right of the Mortgagee to take possession, from time to time, pursuant to subparagraph 2.6(a) shall exist if any subsequent default shall occur and be continuing.

(d) The provisions of this Section 2.5 are subject to the rights of the FHFC under the First Mortgage, to which the rights of the Mortgagee are subordinate.

2.6 Appointment of a Receiver and Foreclosure.

(a) If a default shall have occurred hereunder and not cured within applicable cure periods, then the whole debt secured by this Mortgage, with all interest thereon, and all other amounts hereby secured shall, at the option of Mortgagee, become immediately due and payable, and may forthwith or at any time thereafter be collected by suit at law, foreclosure or other proceeding upon this Mortgage or by any other proper, real or equitable procedure without declaration of such option and without notice.

(b) In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the decree for sale all expenditures and expenses which may be paid or incurred by or on behalf of the Mortgagee for attorneys' fees, appraisers' fees, outlays for documentary and expert evidence, stenographers' charges, publication cost and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstract of title, title searches and examinations, title insurance policies, and similar data and assurances with respect to title as Mortgagee may deem to be reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Premises. All expenditures and expenses of the nature in this paragraph mentioned shall become so much additional debt secured hereby and shall be immediately due and payable with interest thereon at the maximum rate provided by law, when paid or incurred by Mortgagee in connection with (i) any proceeding, including foreclosure, probate and bankruptcy proceedings, to which it shall be a party, either as plaintiff, claimant, or defendant, by reason of this Mortgage, or any indebtedness hereby secured, (ii) preparations for the commencement of any suit for the foreclosure hereof after accrual of such right to foreclose whether or not actually commenced, or (iii) preparations for the defense of any threatened suit or proceeding which might affect the Premises or the security hereof, whether or not actually commenced.

(c) Upon, or at any time after, the filing of a complaint to foreclose this Mortgage, the court in which such complaint is filed may appoint a receiver of the Premises. Such appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency of Mortgagor at the time of application for such receiver and without regard to the then value of the Premises. Such receiver shall have power to collect the rents, issues and profits of the Premises during the pendency of such foreclosure suit, and in case of a sale and a deficiency, during the full statutory period of redemption, if any, whether there be redemption or not, as well as during any further times when Mortgagor except for the intervention of such receiver, would be entitled to collect such rents, issues and profits, and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the

Premises during the whole of said period.

(d) Mortgagor shall deliver to Mortgagee at any time on its request, all agreements for deed, contracts, leases, abstracts, title insurance policies, muniments of title, surveys and other papers relating to the Premises, and in case of foreclosure thereof and failure to redeem, the same shall be delivered to and become the property of the person obtaining a deed to the Premises by reason of such foreclosure.

(e) The provisions of this Section 2.6 are subject to the rights of the FHFC under the First Mortgage, to which the rights of the Mortgagee are subordinate.

2.7 Discontinuance of Proceedings and Restoration of the Parties. In case the Mortgagee shall have proceeded to enforce any right or remedy under this Mortgage by receiver, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adverse to the Mortgagee, then in every such case the Mortgagor and the Mortgagee shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of the Mortgagee shall continue as if no such proceeding had been taken.

2.8 Remedies Cumulative. No right, power or remedy conferred upon or reserved by the Mortgagee by this Mortgage is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity or by statute.

2.9 Stamp and Excise Tax. If any documentary additional stamp or excise tax shall become applicable with respect to this Mortgage, the Note, any loan or credit extended hereunder, or any security agreement, guaranty, the loan agreement or other document, the Mortgagor shall promptly pay such tax in full (including interest and penalties, if any) and shall hold the Mortgagee harmless with respect thereto. The Mortgagor's liability under this paragraph 2.10 will survive the repayment of indebtedness under the Note.

ARTICLE III

3.1 Successors and Assigns Included in Parties. Whenever in this Mortgage one of the parties hereto is named or referred to, the heirs, legal representatives, successors and assigns of such parties shall be included and all covenants and agreements contained in this indenture by or on behalf of the Mortgagor and by or on behalf of the Mortgagee shall bind and inure to the benefit of their respective heirs, legal representatives, successors and assigns, whether so expressed or not. Provided, however, that the Mortgagor shall have no right to assign its obligations hereunder without the prior written consent of the Mortgagee, which shall not be unreasonably withheld.

3.2 Headings. The headings of the sections, paragraphs and subdivisions of this Mortgage are for the convenience of reference only and shall not limit or otherwise affect any of the terms hereof.

3.3 Invalid Provisions to Affect No Others. If fulfillment of any provision hereof or any transaction related hereto or to the Note, at the time performance of such provisions shall be due, shall involve transcending the limit of validity prescribed by law,

then ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity; and if any clause or provision herein contained operates or would prospectively operate to invalidate this Mortgage in whole or in part, then such clause or provision only shall be held for naught, as though not herein contained, and the remainder of this Mortgage shall remain operative and in full force and effect. Notwithstanding any provision contained herein, the total liability of Mortgagor for payment of interest, including service charges, penalties or any other fees shall not exceed the maximum amount of such interest permitted by applicable law to be charged, and if any payments by Mortgagor include interest in excess to the reduction of the unpaid principal amount due and pursuant hereto.

3.4 Number and Gender. Whenever the singular or plural number, masculine or feminine or neuter gender is used herein, it shall equally include the other.

ARTICLE IV.

4.1 Notice. Any notice or other communication required or permitted to be given hereunder shall be sufficient if in writing and delivered in person or sent by United States Certified Mail, postage prepaid, to the parties being given such notice at the following addresses:

Mortgagor: Marina Clinton Associates, Ltd.
C/O Clinton Communities, Inc.
120 South Dixie Highway, Suite 204
West Palm Beach, FL 33401
Attn: Shawn Wilson

With a copy to: Clinton Communities, L.L.C.
3225 Aviation Ave., Suite 700
Miami, FL 33133
Attn: Randy Rieger

Mortgagee: Palm Beach County
c/o County Attorney's Office
301 North Olive Avenue, Suite 601
West Palm Beach, FL 33401

Any party may change said address by giving the other parties hereto notice of such change of address. Notice given as hereinabove provided shall be deemed given on the date of its deposit in the United States Mail and, unless sooner received, shall be deemed received by the party to whom it is addressed on the third calendar day following the date on which said notice is deposited in the mail, or if a courier system is used, on the date of delivery of the notice.

ARTICLE V.

5.1 Future Advances. It is agreed that this Mortgage shall also secure such future or additional advances as may be made by the Mortgage at its option to the Mortgagor, or its successor in title, for any purpose, provided that all those advances are to be made within three (3) years from the date of this Mortgage, or within such lesser period of time as may be provided hereafter by law as a prerequisite for the sufficiency of actual notice or records notice of the optional future or additional advances as against the rights of creditors or subsequent purchasers for valuable consideration. The total amount of indebtedness secured by this Mortgage may decrease or increase from time to time, but the total unpaid balance so secured at any one time shall not exceed twice the principal amount of the Note, plus interest, and

any disbursements made for the payment of taxes, levies or insurance on the Premises with interest on those disbursements. If, pursuant to Florida Statutes Section 697.04, Mortgagor files a notice specifying the dollar limit beyond which future advances made pursuant to this Mortgage will not be secured by this Mortgage, then Mortgagor shall, within one (1) year of day of filing such notice, notify Mortgagee and its counsel by certified mail pursuant to Section 4.1 of this Mortgage. In addition, such a filing shall constitute a default hereunder.

5.2 Subordination. Lender shall approve a First Mortgage (and any modifications, amendments & refunding thereof with an arms length third party lender) provided that it does not exceed \$11,500,000 and further agrees that the Mortgage securing this Loan shall be automatically and without further action subordinate to the First Mortgage. The Chair of the Board of County Commissioners of Palm Beach County and the Clerk of the Court for Palm Beach County, are hereby authorized to execute and shall execute subordination agreements required herein without further approval of the Board of County Commissioners of Palm Beach County, Florida, provided such documents are in a form acceptable to the County Attorney. Nothing contained herein shall, however, relieve the Borrower from its obligation to make payments under the Promissory Note in accordance with its terms.

5.3 Lien Priority. The lien priority of this Mortgage shall not be affected by any changes in the Note including, but not limited to, an increase in the interest rate charged pursuant to the Note. Any parties acquiring an interest in the Premises subsequent to the date of this Mortgage is recorded shall acquire such interest in the Premises with notice that Mortgagee may increase the interest rate charged pursuant to the Note or otherwise modify the Note and the Note, as modified, and the Mortgage shall remain superior to the interest of any Party in the Premises acquired subsequent to the date of this Mortgage is recorded, other than the First Mortgage.

5.4 Security Agreement. Subject to rights of FHFC, this instrument also creates a security interest in any and all equipment and furnishings as are considered or determined to be personal property or fixtures, together with all replacements, substitutions, additions, products and proceeds thereof, in favor of the Mortgagee under the Florida Uniform Commercial Code to secure payment of principal, interest, and other amounts due Mortgagee now or hereafter secured hereby, and Mortgagee shall also have all the rights and remedies of a secured part under the Florida Uniform Commercial Code shall be cumulative and in addition to all other rights and remedies of Mortgagee arising under the common law or any other laws of the State of Florida or any other jurisdiction.

5.5 Nonrecourse. ANYTHING CONTAINED HEREIN TO THE CONTRARY NOTWITHSTANDING, IN THE EVENT OF ANY DEFAULT BY THE BORROWER UNDER THE LOAN REFERENCED HEREIN, THE SOLE REMEDY OF THE MORTGAGEE SHALL BE TO FORECLOSE AGAINST THE PROPERTY GIVEN AS SECURITY FOR THIS LOAN, AND IN NO EVENT SHALL THE BORROWER OR ANY OF ITS PARTNERS HAVE ANY LIABILITY FOR THE PAYMENT OF THE LOAN OR FOR ANY OTHER OBLIGATIONS REFERENCED HEREIN, OR FOR THE PAYMENT OF ANY DEFICIENCY FOLLOWING THE FORECLOSURE AGAINST THE PROPERTY GIVEN AS SECURITY FOR THE LOAN.

5.6 Choice of Law. This Mortgage is to be construed in all respects and enforced according to the laws of the State of Florida and you shall be in Palm Beach County.

5.7 Binding Effect. This Mortgage shall be binding upon and insure to the benefit of the Mortgagor and Mortgagee hereto, and their respective heirs, successors and assigns.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

SIGNATURE PAGE TO MORTGAGE AND SECURITY AGREEMENT

IN WITNESS WHEREOF, the Mortgagor has executed and sealed this Mortgage, the day and year first above written.

Witnesses:

MARINA CLINTON ASSOCIATES, LTD.
BY: Marina Clinton, Inc., its
General Partner

Lidia Torres
Sign and Print Name


BY: *Randy Rieger*
Randy Rieger,
Vice President

LEONDE LATORRE
Sign and Print Name

STATE OF FLORIDA
COUNTY OF MIAMI-DADE

The foregoing instrument was acknowledged before me this 7 day of December, 2000 by Randy Rieger, as Vice President of MARINA CLINTON ASSOCIATES, LTD., who is personally known to me or who has produced _____ as identification and who did/did not take an oath.

Arlene B. Wildenburg
(Signature of Notary)

 Arlene B. Wildenburg
Commission # 0031495
Notary Public, State of Florida
Name of Party Being Noted: _____
Name of Party Being Noted: Marina Clinton, Inc.

My Commission Expires:

Draft #3 11/8/2000
G:\LW\C\Clinton Communities\Marina Bay (Palm Beach)\PB Loan-SHIP\marinabaymortg3_EXECUTION COPY.wpd

Not a certified copy

EXHIBIT "A"

PARCEL 1:

All lands encompassed by the Plat of OLYMPUS CLUB OF THE PALM BEACHES, according to the Plat thereof, recorded in Plat Book 33, Page 79.

PARCEL 2:

A portion of the Plat of OLYMPUS VILLAGE, P.U.D. OF THE PALM BEACHES, according to the Plat thereof, recorded in Plat Book 33, Page 80; said lands situate, lying and being in Palm Beach County, Florida, and being more particularly described as follows:

Commencing at the Northwest corner of said Plat; thence South $0^{\circ} 02' 00''$ West, along the West line of said Plat, a distance of 499.50 feet to the POINT OF BEGINNING; thence continue South $0^{\circ} 02' 00''$ West, along the said West line of said Plat, a distance of 335.70 feet; thence South $67^{\circ} 53' 40''$ East, a distance of 245.32 feet; thence North $83^{\circ} 50' 00''$ East, along the Southerly line of said Plat, a distance of 173 feet; thence North $50^{\circ} 30' 00''$ East, a distance of 297 feet; thence North $43^{\circ} 06' 12''$ West, a distance of 385.51 feet; thence North $88^{\circ} 04' 00''$ West, a distance of 15.55 feet; thence South $46^{\circ} 53' 48''$ West, a distance of 90.24 feet; thence North $89^{\circ} 58' 00''$ West, a distance of 282.98 feet to the POINT OF BEGINNING.

Certified copy

Exhibit "B"
EXECUTION COPY

PROMISSORY NOTE

\$291,950.00

West Palm Beach, Florida
December __, 2000

FOR VALUE RECEIVED the undersigned MARINA CLINTON ASSOCIATES, LTD., a Florida limited partnership ("Maker"), promises to pay to the order of PALM BEACH COUNTY, a political subdivision of the State of Florida, together with any other holder hereof ("Holder"), at 301 North Olive Avenue, West Palm Beach, Florida 33401, or such other place as Holder may from time to time designate in writing, the principal sum of TWO HUNDRED NINETY-ONE THOUSAND NINE HUNDRED FIFTY (\$291,950.00) DOLLARS plus accrued interest, to be paid in lawful money of the United States of America, as follows:

- 1) This Note shall bear interest only computed at the stated rate of three (3%) percent per annum on the outstanding principal balance from time to time remaining unpaid from the date of each disbursement.
- 2) Repayment hereunder shall occur as follows:
 - (a) From the date hereof until December 31, 2002 no payments will be required and interest will accrue and be payable at the maturity date.
 - (b) Repayment thereafter shall be limited to the actual cash flow of the Project which shall be determined annually on a calendar year basis, commencing with the year 2002, and certified by an independent Certified Public Accountant reasonably acceptable to the County, prior to the annual payment due date. The first annual payment due date hereunder shall be on April 30, 2003, with respect to all payments due under subparagraph 4) below for the preceding calendar year. Subsequent annual payments shall be due on the 30th day of April for each preceding calendar year thereafter through April 30, 2030 (Maturity Date), at which time all outstanding principal indebtedness together with all accrued and unpaid interest thereon shall be due and payable, unless acceleration is made by Holder pursuant to the provisions hereof.
- 3) Maker agrees to provide annually to Holder a certification of Project income and expenses, and certified by an independent Certified Public Accountant acceptable to the County, which shall be used by Holder to determine payments due hereunder. Said certification shall be provided prior to each annual due date commencing in the year 2002.
- 4) Commencing with the year 2002, payments from Project income as determined by Holder shall be applied to pay the following items in order of priority:
 - a) First Mortgage fees and debt service, and all Project expenses; and
 - b) Base interest payment on principal balance hereof equal to three percent (3%) per annum; and

- c) Any such base payment of interest hereunder deferred from previous years commencing with the year 2002.
- 5) Any payments of current or deferred base interest due annually hereunder shall be deferred until the next annual due date to the extent that Project income is insufficient to make said payments pursuant to the payment priority schedule in paragraph (4) above and as determined by Maker.

6) This Note may be prepaid in whole or in part at any time, without penalty or premium. Any prepayment hereunder shall be applied first to unpaid costs of collection, servicing fees, and late charges, if any, then to accrued, deferred and unpaid interest and the balance, if any, to the principal balance.

- 7) After maturity or acceleration, this Note shall bear interest at the Default Interest Rate until paid in full.
- 8) All terms hereunder shall be as construed and defined in Chapter 91-28, Florida Administrative Code.

PALM BEACH COUNTY, A POLITICAL SUBDIVISION OF THE STATE OF FLORIDA IS EXEMPT FROM PAYMENT OF EXCISE TAX ON DOCUMENTS. STAMPS HAVE BEEN AFFIXED TO THE MORTGAGE AND CANCELED AS REQUIRED BY LAW.

This Note is executed pursuant to the terms and conditions of that certain Loan Agreement dated December __, 2000 between Maker, as Borrower, and Holder, as Lender, is secured by a Mortgage and Security Agreement (the "Mortgage") encumbering certain real property located in Palm Beach County, Florida (the "Premises"), all of even date herewith. The foregoing and all other agreements, instruments and documents delivered in connection therewith and herewith are collectively referred to as the "Loan Documents."

This Note has been executed and delivered in, and is to be governed by and construed under the laws of, the State of Florida, as amended, except as modified by the laws and regulations of the United States of America.

Nothing herein contained, nor any transaction related thereto, shall be construed or so operate as to require the Maker to pay interest at a greater rate than is now lawful in such case to contract for, or to make any payment, or to do any act contrary to ethical law. Should any interest or other charges paid by the Maker, or parties liable for the payment of this Note, in connection with the Loan Documents result in the computation or earning of interest in excess of the maximum rate of interest that is legally permitted under applicable law, any and all such excess shall be and the same is hereby waived by the Holder, and any and all such excess shall be automatically credited against and in reduction of the balance due under this indebtedness, and a portion of said excess which exceeds the balance due under this indebtedness shall be paid by the Holder to the Maker.

Holder shall have the right to declare the total unpaid balance hereof to be immediately due and payable in advance of the Maturity Date upon the failure of Maker to pay when due any payment of principal or interest or other amount due hereunder; or upon the occurrence of an Event of Default pursuant to any other Loan Documents now or hereafter evidencing, securing or guarantying payment of this Note. Exercise of this right shall be without notice to Maker or to any other person liable for payment hereof,

notice of such exercise being hereby expressly waived.

Any payment hereunder not paid when due (at maturity, upon acceleration or otherwise) shall bear interest at the highest rate allowed by applicable law from the due date until paid.

Provided Holder has not accelerated this Note, Maker shall pay holder a late charge of five percent (5%) of any required payment which is not received by Holder when said payment is due pursuant to the Mortgage. The parties agree that said charge is a fair and reasonable charge for the late payment and shall not be deemed a penalty.

Time is of the essence hereunder. In the event that this Note is collected by law or through attorneys at law, or under advice therefrom, Maker agrees, to pay all costs of collection including reasonable attorneys' fees, whether or not suit is brought, and whether incurred in connection with collection, trial, appeal, bankruptcy or other creditors proceedings or otherwise.

Acceptance of partial payments or payments marked "payment in full" or "in satisfaction" or words to similar effect shall not affect the duty of Maker to pay all obligations due hereunder, and shall not affect the right of Holder to pursue all remedies available to it under any Loan Documents.

The remedies of Holder shall be cumulative and concurrent, and may be pursued singularly, successively or together, at the sole discretion of Holder, including specifically any failure to exercise or forbearance in the exercise of any remedy, shall be deemed to be a waiver or release of the same, such waiver or release to be effected only through a written document executed by Holder and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as continuing or as constituting a case of dealing, nor shall it be construed as a bar to, or as a waiver or release of, any subsequent remedy as to a subsequent event.

Any notice to be given or to be served upon any party hereto in connection with this Note, whether required or otherwise, may be given in any manner permitted under the Loan Documents.

The term "other person liable for payment hereof" shall include any endorser, guarantor, surety or other person now or hereafter primarily or secondarily liable for the payment of this Note, whether by signing this or another loan document.

Whenever the context so requires, the neuter gender includes the feminine and/or masculine, as the case may be, and the singular number includes the plural, and the plural number includes the singular.

Maker and any other person liable for the payment hereof respectively, hereby (a) expressly waive any valuation and appraisal, presentment, demand for payment, notice of dishonor, protest, notice of nonpayment or protest, all other forms of notice whatsoever, and diligence in collection; (b) consent that Holder may, from time to time and without notice to any of them or demand, (i) extend, rearrange, renew or postpone any or all payments, (ii) release, exchange, add to or substitute all or any part of the collateral for this Note, and/or (iii) release Maker (or any co-maker) or any other person liable for payment hereof, without in any way modifying, altering, releasing, affecting or limiting their respective liability or the lien of any security instrument; and (c) agree that Holder, in order to enforce payment of this Note

against any of them, shall not be required first to institute any suit or to exhaust any of its remedies against Maker (or any co-maker) or against any other person liable for payment hereof or to attempt to realize on any collateral for this Note.

ANYTHING CONTAINED HEREIN TO THE CONTRARY NOTWITHSTANDING, IN THE EVENT OF ANY DEFAULT BY THE BORROWER UNDER THE LOAN REFERENCED HEREIN, THE SOLE REMEDY OF THE HOLDER SHALL BE TO FORECLOSE AGAINST THE PROPERTY GIVEN AS SECURITY FOR THIS LOAN, AND IN NO EVENT SHALL THE BORROWER, OR ANY PARTNER OF THE BORROWER, HAVE ANY LIABILITY FOR THE PAYMENT OF THE LOAN OR ANY OTHER OBLIGATIONS REFERENCED HEREIN, OR FOR THE PAYMENT OF ANY DEFICIENCY FOLLOWING THE FORECLOSURE AGAINST THE PROPERTY GIVEN AS SECURITY FOR THE LOAN.

MAKER WAIVES ITS RIGHT TO A TRIAL BY JURY IF ANY ACTION, WHETHER ARISING IN CONTRACT OR TORT, BY STATUTE OR OTHERWISE, IN ANY WAY RELATED TO THIS NOTE. THIS PROVISION IS A MATERIAL INDUCEMENT FOR HOLDER'S EXTENDING CREDIT TO MAKER AND NO WAIVER OR LIMITATION OF HOLDER'S RIGHTS UNDER THIS PARAGRAPH SHALL BE EFFECTIVE UNLESS IN WRITING AND MANUALLY SIGNED ON HOLDER'S BEHALF.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

SIGNATURE PAGE TO PROMISSORY NOTE

IN WITNESS WHEREOF, Maker has executed this Note on the day
and year first above written.

MARINA CLINTON ASSOCIATES., LTD.
By MARINA CLINTON INC., its General
Partner

By: Randy Rieger
Randy Rieger
Vice President

Draft#3 11/8/2000
G:\LJM\C\Clinton Comm\files\Marina Bay (Pale Beach)\PB Loan_SHIP\marinabaynote3_EXECUTION COPY.wpd

This is not a certified copy

LOAN AGREEMENT

R2000 1932

THIS AGREEMENT, dated as of this _____ day of NOV 21 2000, 2000, by and between Palm Beach County, a political subdivision of the State of Florida, (hereinafter referred to as the "County" and the "Lender") and Marina Clinton Associates, Ltd., a Florida limited partnership, whose Federal I.D. number is 65-0962444 (the "Borrower").

1. RECITALS.

(a) Borrower has a contract to purchase two tracts of vacant, unimproved land, containing approximately 12.04 acres located in Palm Beach County, Florida, as more particularly described in Exhibit "A" attached hereto (the "Premises").

(b) Borrower has applied to the County for a loan in the principal amount of \$291,950.00 (the "Loan") to be used by Borrower to pay for impact fees and other utility expenses related to the Improvements on the Premises. Borrower intends to construct an apartment complex with a total of 191 units, of which one (1) unit is reserved for an employee of Borrower, and related facilities, as affordable housing for the older persons, on the Premises (the "Improvements").

(c) Borrower and the County have negotiated the terms and conditions of, and wish to enter into, this Agreement in order to set forth the terms and conditions for the disbursement of the Loan.

(d) The Florida Housing Finance Corporation (FHFC), 227 N. Bronough Street, Suite 5000, Tallahassee, Florida 32301, under the Multi-Family Mortgage Revenue Bond Program, has agreed to finance up to \$11,255,000 of the construction of the Improvements pursuant to a separate loan to Borrower, secured by a separate mortgage, encumbering the Premises (the "First Mortgage"). A portion of the First Mortgage in the approximate amount of \$3,400,000 has been allocated by the Housing Finance Authority of Palm Beach County (PBHFA) and is being issued by the FHFR pursuant to other documents and agreements between the PBHFA and FHFC.

NOW, THEREFORE, in consideration of the premises, and of the mutual covenants and agreements set forth below the receipt and sufficiency of which is hereby acknowledged, Borrower and the County agree as follows:

2. THE LOAN. The County shall make the Loan to Borrower in an amount not to exceed \$291,950.00 upon the terms and conditions set forth herein, and at the rates and terms set forth in its Note and Mortgage attached hereto as Exhibit "B" and "C" respectively, and Borrower shall take the Loan and expressly agrees to comply with and to perform all of the terms and conditions of this Loan Agreement, the Note, the Mortgage and any other documents evidencing and securing this Loan (collectively hereinafter referred to as the "Loan Documents"). The closing of the Loan including the execution of the Note and Mortgage, shall occur at the offices of the County Attorney or such other mutually agreed upon site no later than December 30, 2000.

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

place of business.

4. CONDITIONS PRECEDENT TO CLOSING. The conditions listed below are a condition precedent to the County's acceptance of the Mortgage documents and disbursement of funds and shall be complied with in form and substance satisfactory to the County prior to the closing:

(a) Title Insurance:

(i) Within thirty (30) days of the effective date hereof, Borrower shall deliver to County a title commitment issued by a title insurance company qualified to do business in the State of Florida and acceptable to County, agreeing to issue to County upon recordation of the Mortgage a Lender's Title Insurance Policy in the amount of said Mortgage, subject only to the Permitted Exceptions listed on Exhibit "D" attached hereto and made a part hereof. Said commitment shall have attached to it copies of all exceptions referred to in the title commitment. The cost of said title commitment and policy and any premium therefore shall be borne by Borrower.

(ii) County shall have fifteen (15) days after receipt of the title insurance commitment in which to review the same. In the event the title insurance commitment shall show as an exception any matter other than the Permitted Exceptions, County shall notify Borrower of its objections there to and Borrower shall act to remove such exceptions, which exception shall be deemed to constitute title defects. The Borrower shall be entitled to thirty (30) days from the day of notification (with the term of Closing Date if necessary) within which to cure such defects or make arrangements with the title insurer for the removal of any such objections from the commitment. If the defect shall not have been so cured or removed from the commitment by endorsement thereto with the termination of said thirty (30) day period, the County shall have the option of accepting title as it then exists or terminating this Loan Agreement, by giving written notice thereof to Borrower, in which event the parties shall be relieved of all further obligations hereunder.

(iii) The title insurance commitment shall be endorsed at closing to remove any and all requirements of pre-conditions to the issuance of a Lenders Title Insurance Policy, and to delete any exceptions for: (a) any rights or claims or parties in possession not shown by the public records; (b) encroachments, overlaps, boundary line disputes, and any other matters which would be disclosed by an accurate survey and inspection of the Premises; (c) unrecorded easements and claims of liens; (d) taxes for the year of closing and all prior years; (e) matters arising or attaching subsequent to the effective date of the commitment but before the Mortgage becomes recorded in the Public Records.

(b) Survey: Borrower shall deliver to the County a current certified survey prepared by a surveyor acceptable to the County of the Premises showing the following:

(i) the location of the perimeter of the Premises by courses and distances and perimeter footings in place, and by reference to Township, Range, Section:

(ii) the location of and the identification by reference to recording data of all easements, rights-of-way, conditions and restrictions on or appurtenant to the Premises:

(iii) the location of all building setback lines:

(iv) the lines of the streets abutting the Premises and the width thereof;

(v) all encroachments, and the extent thereof in feet and inches upon the Premises;

(vi) if the Premises are described as being on a filed map, a legend relating the plat of survey to such map;

(vii) flood zone certification; and

(viii) any other notations required for the deletion of the survey exception from the Title Insurance Policy to be issued in accordance with paragraph 4(a) above and any other requirements requested by the County.

(c) Note: The Note, in a form acceptable to the County Attorney, shall be duly authorized, executed and delivered to the County;

(d) Mortgage: The Mortgage, in a form acceptable to the County Attorney, shall be duly authorized, executed, acknowledged, delivered to the County, and when recorded, shall be a valid second mortgage lien on the Premises and on all fixtures and personal property owned by Borrower to be used in connection with the Improvements.

(e) Mortgagor's Affidavit: An affidavit of Borrower shall be executed and delivered to the County as required by the Title Insurer as noted in paragraph 4 (a) above, certifying to all such facts as are required to delete the Standard Exceptions from the Lenders Title Insurance Policy and certifying that no liens exist on the Premises for taxes not yet due and payable and that no other parties are entitled to possession except as otherwise provided herein.

(f) Public Requirements: Borrower shall deliver to the County:

(i) letters from local utility companies or municipal authorities stating that electricity, telephone, sewer and water facilities will be available to the Premises upon the completion of the intended Improvements,

(ii) a letter from the appropriate Zoning Department certifying as to compliance with all zoning and land use regulations including but not limited to compliance with parking requirements, a copy of the applicable zoning ordinances certified by an appropriate official to be a complete and accurate statement thereof, and an up-to-date zoning map similarly certified,

(iii) evidence satisfactory to the County that all roads necessary for the full utilization of the intended Improvements for their intended purposes have either been acquired by the appropriate governmental authorities or have been dedicated to public use and accepted by such governmental authorities and that all necessary steps have been taken by Borrower and such governmental authorities to assure the complete construction and installation thereof,

(iv) copies of subdivision plats, restrictive covenants, plans of developments, and all other documents required by the local zoning and subdivision ordinances, and such other documents required by and satisfactory to the County; and evidence satisfactory to the County and its counsel that the Final Plans

conform to all federal, state, and local laws, ordinances, rules and regulations, including, but not limited to, laws of the State of Florida regulating air and water pollution and land use,

(v) copies of all necessary approvals from appropriate environmental protection agencies, and

(vi) satisfactory soil test report;

(g) Partnership Documents: Borrower shall deliver to the County the following documents:

(i) The Certificate of Limited Partnership of the Borrower and all amendments thereof, certified by the appropriate official of the State of Florida, together with certificates of such official to the effect that Borrower is in good standing therein;

(ii) certified resolutions of the Borrower authorizing the execution and delivery of this Agreement, the Mortgage, Note and all other documents necessary or desirable, for the consummation of the transactions contemplated by this Agreement;

(h) Flood Insurance: Borrower shall deliver to the County evidence satisfactory to the County either that the Premises are not within a hazardous flood area as designated by the Department of Housing and Urban Development and any other governmental authority, or if the Premises are within such a hazardous area, that the Premises are covered by flood insurance supplied by the federal Insurance Administration to the maximum amount available, all as provided in the Flood Disaster Protection Act of 1973, as amended, together with appropriate endorsements thereto providing for the County's interests in the same manner as the Builder's Risk Insurance, including without limitation that such insurance will not be canceled without 30 days notice to the County. Borrower agrees that the County shall have the right to take any action necessary to continue said insurance in full force and effect including, but not limited to, paying premiums. Any funds disbursed to continue said policies in full force and effect shall be considered as Disbursements hereunder and shall bear interest from the date of disbursement at the same rate as other Disbursements and payment of said funds and interest shall be secured by the Mortgage. Satisfactory evidence of flood area designation shall be a certification from the Surveyor appearing on the survey drawing;

(i) Opinion of Borrower's Counsel: Borrower shall deliver to the County an opinion of counsel for Borrower and addressed to the County, such counsel to be reasonably satisfactory to the County, to the effect that:

(i) This Loan Agreement and all Loan Documents and any other documents required to be delivered hereunder have been duly authorized, executed and delivered and are valid, binding and enforceable in accordance with their terms.

(ii) that Borrower is a Florida limited partnership in good standing under the laws of the State of Florida and has all the necessary power and authority to undertake its obligations hereunder,

(iii) that Borrower is in compliance with all laws, regulations, ordinances and orders of all governmental authorities, including, but not limited to, if applicable, the Interstate Land

Sales Full Disclosure Act, all applicable federal and state securities laws, and all laws of the State of Florida, applicable to the type of development contemplated hereunder,

(iv) that the proposed construction of the Improvements and proposed use of the Premises comply with all applicable zoning and building laws and regulations, and all other applicable federal, state and local laws, ordinance and regulations, and that all permits and approvals required by all governmental agencies regulating air and water pollution have been obtained, and Florida Statute Chapter 380 pertaining to Development of Regional Impact (including the Aggregation Rule) as it relates to the Premises is not applicable,

(v) that there is no charter or bylaw of Borrower and no provision of any existing mortgage, indenture, contract or agreement known to such counsel binding on Borrower or affecting its property which could conflict with or in any way prevent the execution, delivery and carrying out of the terms of this Agreement,

(vi) that to counsel's knowledge there are no proceedings pending or threatened before any court or administrative agency which will materially adversely affect the financial condition or operation of Borrower or the Premises, including but not limited to bankruptcy, reorganization or insolvency proceeding or any other debtor-creditor proceedings under the Bankruptcy Code or any similar statute, nor to counsel's knowledge are there any finance circumstances within counsel's knowledge which could lead to such proceedings,

(vii) that the lien of the Mortgage is a valid lien on the Premises and the security interest described in the mortgage are good and valid security interests.

(viii) such other matters as the County may reasonable require.

(j) Expenses: Borrower shall have paid all those fees and charges due and payable or ordered paid by the County as provided herein under Paragraph 6 of this Loan Agreement entitled Expenses;

(k) Other Documents: Borrower shall deliver to the County such other documents and information as the County may reasonably require; and

(l) Representations and Warranties: The representations and warranties of Borrower as set forth in this Agreement and the Loan Documents are true and correct.

5. DISBURSEMENT OF LOAN FUNDS: Upon receipt of documentation evidencing payment of governmental fees by Borrower, the County shall disburse the Loan funds to Borrower in the amount of \$291,950 for governmental fees incurred in the permitting and construction of the project nor will payment be made hereunder for any other purpose or purposes except with prior written approval of the Board of County Commissioners of Palm Beach County.

6. EXPENSES: Borrower shall pay fees and charges incurred in the procuring and making of this Loan, if applicable, and other expenses incurred by the County during the term of the Loan, including the Title Insurance Company's fees and premiums, charges for examination of title to the Premises, expenses of surveys, Florida Documentary Stamp Taxes, recording expenses, any and all insurance premiums, taxes, assessments, water rates, sewer rates

and other charges, liens and encumbrances upon the Premises, and any other amounts necessary for the payment of the costs of Improvements.

7. SPECIAL PROVISIONS: Borrower expressly agrees to the following terms and conditions:

(a) Borrower agrees that the Improvements will consist of a 191 unit, one, two and three bedroom apartment complex, and that one hundred (100%) percent of the apartment units, except the employee unit, to be constructed on the Premises shall be reserved for households who have low or very low income pursuant to U.S. Government HUD guidelines for a period of thirty (30) years.

(b) Borrower agrees that the apartment complex will operate as housing for older persons, as such term is defined in federal fair housing laws.

(c) The Borrower shall not discriminate on the basis of race, creed, religion, color, sex, marital status, sexual orientation, national origin, age, familial status or handicap in the use, or occupancy of any housing constructed on the Premises.

(d) The Mortgage shall not be subject to any prepayment penalty.

(e) The Mortgage shall become immediately due and payable upon sale, transfer, or refinancing. However, a transfer of the limited partnership interests or the admission of a new limited partners in Borrower shall not be deemed a sale or transfer; however, a transfer of the General Partner's interest shall be deemed to be a sale or transfer.

(f) The Mortgage shall be non-assumable.

(g) Borrower agrees that the project will:

(i) provide drought tolerant vegetation.

(ii) maximize usable open space for the enjoyment of all residents by providing a people oriented site design.

(iii) provide on-site laundry and parking consistent with the site plan provided.

(iv) provide internally connected pedestrian/bike path to link on-site and nearby facilities with residential units.

(v) provide units with energy efficient heating and cooling; interior blinds, sunscreening or similar treatment; above 8 EER household appliances; and an outdoor living area/patio.

(vi) provide proximity security in the form of three foot high earth berm with a four foot high metal fence on all sides of the project complex, and lighted and video monitored parking lots.

(vii) provide active recreational amenities on-site to include a swimming pool and lakefront walking/bike path.

(viii) require criminal background checks on each

adult household member prior to occupancy of the rental unit.

(ix) utilize leases which allow management to terminate the lease of any household where a household member is engaged in illegal or criminal activity or antisocial behavior which denies the complex's residents or area residents the quiet and peaceful enjoyment of their homes.

Conditions (a) (b) (c) and (g) above shall, upon closing become covenants running with the land and shall survive the closing, and the payment or other termination of the Mortgage and Note. These conditions and covenants will be recorded in the land records of Palm Beach County, Florida by inclusion in the mortgage and/or by separate document satisfactory to the County's Attorney citing the granting of this loan and mortgage as consideration.

8. REPRESENTATIONS AND WARRANTIES OF BORROWER. Borrower represents and warrants (which representations and warranties shall be deemed continuing) as follows:

(a) Organization Status. Borrower is a limited partnership duly organized and validly existing in good standing under the laws of the State of Florida with full power and authority to consummate the transactions contemplated herein. Borrower is duly authorized to borrow from County the principal sum of \$291,950.00 and execute all Loan the documents pertaining thereto.

(b) Financial Statements. The Financial statements of Borrower heretofore reviewed with the County are true and correct in all respects, have been prepared in accordance with generally accepted accounting principles, and fairly present the respective financial conditions of the subjects thereof as of the respective dates thereof, and no material adverse change has occurred in the financial conditions reflected therein since the respective dates thereof and no additional borrowings have been made by Borrower since the date thereof;

(c) Authority to Enter into Loan Documents. The Borrower has full power and authority to enter into the Loan Documents and consummate the transactions contemplated hereby, and the facts and matters expressed or implied in the opinions of its legal counsel are true and correct;

(d) Validity of Loan Documents. The Loan Documents have been approved by those persons having proper authority, and to the best of Borrower's knowledge are in all respects legal, valid and binding according to their terms;

(e) Conflicting Transactions of Borrower. The consummation of the transaction hereby contemplated and the performance of the obligations of Borrower under and by virtue of the Loan Documents will not result in any breach of, or constitute a default under, any other Agreement to which Borrower is a party or by which it may be bound or affected;

(f) Pending Litigation. There are no actions, suits or proceedings pending before any court or law equity, or any Administrative Board, or, to the knowledge of the Borrower, threaten against or affecting it or the Premises, or, involving the validity or enforceability of the Mortgage, or of any of the Loan Documents.

(g) Availability of Utilities. All utility services necessary for the construction of the Improvements and the

operation thereof for their intended purpose are or will be available at the boundaries of the Premises, including water supply, storm and sanitary sewer facilities, and electric and telephone facilities, and Borrower has obtained all necessary permits and permissions required from governmental authorities for unrestricted access to and use of such services in connection with the construction and use of the intended Improvements;

(h) Condition of Premises. The Premises are not now damaged or injured as a result of any fire, explosion, accident, flood or other casualty, and to Borrower's knowledge there are no soil conditions which would materially interfere with the construction of the Improvements;

(i) Availability of Roads. All roads necessary for the full utilization of the intended Improvements for their intended purposes have either been completed or the necessary rights of way therefor have either been acquired by the appropriate local authorities or have been dedicated to public use and accepted by such local authorities and all necessary steps have been taken by Borrower and such local authorities to assure the complete construction and installation thereof;

(j) No Default. There is no default on the part of the Borrower under this Loan Agreement, the Note or the Mortgage, and no event has occurred and is continuing which with notice, or the passage of time, or either, would constitute a default under any provision thereof; and

(k) Advertising. During the period of the construction of the Improvements, the County shall have the right to install and maintain on the Premises one or more signs identifying the County, or to be identified on such signs installed by others, as one of the institutions financing the Premises. Sign or signs will be provided by the County and erected at Borrower's expense.

(l) Hazardous Waste. Borrower is in compliance with all provisions of the federal Water Pollution Control Act, Comprehensive Environmental Response, Compensation and Liability ("Superfund") Act of 1980 and Solid Waste Disposal Act, Florida Statutes, Chapter 376, and other similar federal, state and local statutory schemes imposing liability on Borrower relating to the generation, storage, impoundment, disposal, discharge, treatment, release, seepage, emission, transportation or destruction of any sewage, garbage, effluent, asbestos or asbestos-containing materials, polychlorinated biphenyls (PCBs), toxic, hazardous or radioactive materials, petroleum products, pesticides, smoke, dust, or any other form of pollution as such laws are in effect as of the date of this Agreement and with any rules, regulations and order issued by any federal, state or local governmental body, agency or authority thereunder and with any orders or judgments of any courts of competent jurisdiction with respect thereto, and no assessment, notice of (primary or secondary) liability or notice of financial responsibility, or the amount thereof, or to impose civil penalties has been received by the Borrower. Borrower has paid any environmental excise taxes imposed pursuant to Sections 4611, 4661 or 4681 of the Internal Revenue Code of 1986, as from time to time amended.

(m) The Borrower has filed all Federal, State and local tax reports and returns required by any law or regulation to be filed by them, and have either duly paid all taxes, duties and charges indicated due on the basis of such returns and reports, or made adequate provisions for the payment thereof, and the assessment of any material amount of additional taxes in excess of those paid and

reported is not reasonably expected.

9. ADDITIONAL COVENANTS OF BORROWER. Borrower covenants and agrees with the County as follows:

(a) Mechanics' Liens. Borrower (i) will allow no work or construction to be commenced on the Premises, or goods specially fabricated for incorporation therein, which has not been fully paid for prior to the recording of the Mortgage and Notice of Commencement or which could constitute a lien on the Premises (ii) will cause a certified copy of the Notice of Commencement to be posted as required by Chapter 713, Florida Statutes, as soon as possible after recording the Notice of Commencement, (iii) shall notify the County of any and all Notices to Borrower as Owner as that term is defined in Chapter 713, Florida Statutes, within five (5) days of receipt thereof, and (iv) will comply with all provisions of the Florida Mechanics' Lien Law, including but not limited to, payment and notice provisions contained therein. Borrower shall indemnify and hold the County harmless from the claims of any mechanics' lien or equitable lien and pay promptly upon demand any loss or losses which the County may incur as a result of the filing of any such lien, including the reasonable cost of defending same and the County's reasonable attorneys' fees in connection therewith.

In addition, Borrower agrees, at its sole cost and expense, to have any mechanics' lien or equitable lien which may be filed against the Premises or undisbursed funds of this Loan released, bonded or insured over within sixty (60) days of the date of filing same, time being of the essence. The County shall be under no obligation to make further disbursements while any such lien remains outstanding against the Premises. If Borrower fails, after demand, to cause said lien or liens to be released, bonded or insured over as aforesaid the County may take such steps as it deems necessary and any funds expended shall be charged to Borrower's Loan Account and shall bear interest as provided by the Loan Documents.

Borrower hereby authorizes the County to demand, on Borrower's behalf, the statement of account referred to in Section 713.16(2) of the Florida Statutes, of any potential lienor filing a Notice to Owner. It is specifically understood and agreed, however, that the County's right to request such statements of account will in no way impose any obligation on the County to use such authority, and the exercise of such authority on one or more occasion shall not create or imply any obligation on such party to exercise such authority on subsequent occasions.

(b) No Transfer of Premises. Except as specifically set forth in the Mortgage or herein, the Premises or any part thereof shall not be sold, leased, conveyed, mortgaged or encumbered in any way without the prior written consent of the County except as provided elsewhere herein or in the Mortgage, it being understood and agreed that part of the consideration for the Loan is the obligation of Borrower. The transfer of a limited partnership interest or the admission of a new partners shall not be deemed to be a sale, transfer or conveyance; however, a transfer of the general partner's interest shall be deemed to be a sale, transfer or conveyance.

(c) Compliance with Laws. Borrower will comply promptly with all federal, state and local laws, ordinances and regulations relating to the construction, use, and leasing of the Premises, and will obtain and keep in good standing all necessary licenses, permits and approvals required or desirable for construction and

use of the Improvements.

(d) Brokerage Commissions. Borrower will not knowingly engage in any activity or enter into any relationship which will give rise to any loan or brokerage commission with regard to the Loan, and Borrower will indemnify and hold County harmless from the claims of any broker(s) arising by reason of the execution hereof or the consummation of the transactions contemplated hereby.

(e) Financial Statements to be Furnished. Borrower shall furnish to the County:

(i) Upon the County's request, a complete and current financial statement of all assets and liabilities, contingent or otherwise, prepared in accordance with generally accepted accounting principles and verified by affidavit of Borrower and, at the request of the County, certified (in form satisfactory to the County) by an independent certified public accountant acceptable to the County;

(ii) within ninety (90) days after the end of each fiscal year of Borrower, a balance sheet and statements of income, surplus, and cash flow, together with schedules, all compiled and presented by an independent accounting firm in accordance with standard and uniform accounting practices showing the financial condition of Borrower at the close of each year and the results of operations of Borrower during each year;

(iii) with the statements submitted under (ii) above, a certificate signed by the principal financial officer of Borrower to the effect that no Event of Default specified herein, nor any event which upon notice or lapse of time or both, would constitute such an Event of Default, has occurred which has not been cured or otherwise waived in writing by the Lender; and

(iv) promptly, from time to time, such other information regarding the operations, business, affairs and financial condition of Borrower as the County may reasonably request.

(f) Borrower to Maintain Bookkeeping System. Borrower shall, if required by the County, maintain a bookkeeping system to the construction project in form and content sufficient for the County and Inspector to conduct reviews, inspections, certifications and reports required by this Agreement. The County shall have full (but confidential) access, as allowed under the Public Records Law, at any reasonable time to the books, records and contracts pertaining to the Premises and Borrower.

(g) Insurance Proceeds. The Borrower shall keep the Premises continually insured in an amount not less than full insurable value of the Premises, which coverage shall insure the Premises against loss or damage by fire and by the perils covered by extended coverage and against such other hazards as the County, in its sole discretion, shall from time to time require, for the benefit of the County. All such insurance at all times will be in an insurance company or companies in such amounts and with terms acceptable to the County, with loss, if any, payable to the County, as its interest may appear, pursuant to a non-contributory mortgagee clause which shall be satisfactory to the County; and forthwith upon the issuance of such policies they will deliver to the County copies of receipts for the premiums paid thereon and certificates of insurance and certified copies of such policies. Any policies furnished the County shall become its property in the event the County becomes the owner of the Premises by foreclosure or otherwise. Subject to the provisions of the First Mortgage in

favor of the FHFC should a loss be incurred, equal to or in excess of fifty percent (50%) of the full insurable value of the Premises, then in such event, County and Borrower may jointly elect to use the proceeds for the reconstruction and repair of the Premises or, in the alternative, to apply the net proceeds to the payment of the indebtedness hereby secured, whether then due or not.

(h) Indebtedness. With respect to the Premises encumbered by the Borrower of even date herewith, Borrower will not incur, create, assume or permit to exist any indebtedness constituting the deferred purchase price of any property or assets, or any indebtedness or liability evidenced by notes, bonds, debentures or similar obligations without the written approval of the County, except indebtedness owed the County and the aforementioned First Mortgage; provided however, that the First Mortgage shall not exceed the amounts contained in the recitals incorporated in this Loan Agreement.

(i) Further Assurances and Preservation of Security. Borrower will do all acts and execute all documents for the better and more effective carrying out of the intent and purposes of this Loan Agreement, as the County shall reasonably require from time to time, and will do such other acts necessary or desirable to preserve and protect the collateral at any time securing or intending to secure the Note, as the County may reasonably require.

(j) No Assignment. Borrower shall not assign this Loan Agreement or any interest therein and any such assignment is void and of no effect.

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

11. DEFAULT. The following events shall be deemed Events of Default:

(a) Bankruptcy. If there is filed by or against Borrower a petition in bankruptcy or a petition for the appointment of a receiver or trustee of the property of Borrower and any such petition not filed by Borrower is not dismissed within sixty (60) days of the date of filing, or if Borrower files a petition for reorganization under any of the provisions of the Bankruptcy Code or of any assignment for the benefit of creditors or makes any insolvency assignment or is adjusted insolvent by any court of competent jurisdiction; or

(b) Breach of Covenants, Warranties and Representations. If any warranty or representation made by Borrower in this Loan Agreement or in any other Loan Document shall at any time be false or misleading in any material respect, or if Borrower shall fail to keep, observe or perform any of the terms, covenants, representations or warranties contained in this Loan Agreement, the Note, the Mortgage, the Loan Documents, and any other document given in connection with the Loan or development of the Improvement (provided, that with respect to nonmonetary defaults, the County shall give written notice to Borrower, who shall have thirty (30) days to cure), or is unwilling to meet its obligations thereunder; or

(c) Material Adverse Change of Borrower. If any material

adverse change shall occur in the financial condition of Borrower at any time during the term of the Loan from the financial condition revealed in statements already presented to and accepted by the County; or

(d) Borrower shall fail to use all funds under this loan agreement for impact fees and/or utility fees by June 30, 2001.

(e) Borrower shall fail to complete construction of the Improvements and secure a Certificate of Occupancy for the Improvements within three (3) years of the closing of this Loan Agreement.

(f) Borrower shall default under the First Mortgage which is not cured within applicable cure periods.

12. REMEDIES OF LENDER. Upon the happening of an Event of Default, then the County may, at its option, upon written notice to Borrower:

(a) Cancel this Loan Agreement;

(b) Commence an appropriate legal or equitable action to enforce performance of this Loan Agreement;

(c) Accelerate the payment of the Note and any other sums secured by the Mortgage, and commence appropriate legal and equitable action to foreclose the Mortgage and collect all such amounts due the County;

(d) Exercise any other rights or remedies the County may have under the Mortgage or other Loan Documents executed in connection with the Loan or which may be available under applicable law.

13. GENERAL TERMS. The following shall be applicable throughout the period of this Agreement or thereafter as provided herein:

(a) Rights of Third Parties. All conditions of the County hereunder are imposed solely and exclusively for the benefit of the County and its successors and assigns, and no other person shall have standing to require satisfaction of such conditions or be entitled to assume that the County will make Disbursements in the absence of strict compliance with any or all thereof, and no other person shall, under any circumstances, be deemed to be a beneficiary of this Loan Agreement or the Loan Documents, any provisions of which may be freely waived in whole or in part by the County at any time if, in its sole discretion, it deems it desirable to do so. In particular, the County makes no representations and assumes no duties or obligations as to third parties concerning the quality of the construction by Borrower of the Improvements or the absence therefrom of defects.

(b) Borrower is not the County's Agent. Nothing in this Agreement, the Note, the Mortgager or any other Loan Document shall be construed to make the Borrower the County's agent for any purpose whatsoever, or the Borrower and the County partners, or joint or co-venturers, and the relationship of the parties shall, at all times, be that of debtor and creditor.

(c) The County Not Liable for Damage or Loss. All inspections and other services rendered by or on behalf of the County pursuant to this Loan Agreement shall be rendered solely for the protection and benefit of the County. Neither Borrower nor other third persons shall be entitled to claim any loss or damage

against the County or against its agents or employees for failure to properly conduct inspections and other such services contemplated by this Loan Agreement.

(d) The County Not Obligated to Insure Proper Disbursement of Funds to Third Parties. Nothing contained in this Agreement, or any Loan documents, shall impose upon the County any obligation to oversee the proper use or application of any disbursements and disbursements of funds made hereunder.

(e) Indemnification from Third Party Claims. Borrower shall indemnify and hold County harmless from any liability, claims or losses resulting from the disbursement of the Loan proceeds to Borrower or from the condition of the Premises, whether related to the quality of construction or otherwise, and whether arising during or after the term of the Loan. This provision shall survive the repayment of the Loan and shall continue in a full force and effect so long as the possibility of such liability, claims, or losses exists.

(f) Rights of Subcontractors, Laborers and Materialmen. In no event shall this Agreement be construed to make the County, Title Company or agent of the County liable to Borrower's Contractor or any subcontractors, laborers, materialmen, craftsmen, or others for labor, materials, or services delivered to the Premises or goods specially fabricated for incorporation therein, or for debts or liens accruing or arising to such persons or parties against Borrower or Borrower's Contractor. It is distinctly understood and agreed that there is no relation of any type whatsoever, contractual or otherwise, whether express or implied, between the County and Borrower's Contractor, any materialman, subcontractor, craftsman, laborer or any other person or entity supplying any labor, materials or services to the Premises or specially fabricating goods to be incorporated therein. Except as otherwise specifically provided herein, no such person or entities are intended to be third party beneficiaries of this Agreement or any document or instrument related to the Loan or to have any claim or claims in or to any undisbursed or retained Loan proceeds.

(g) Evidence of Satisfaction of Conditions. The County shall, at all time, be free independently to establish to its good faith and satisfaction, and in its absolute discretion, the existence or nonexistence of a fact of facts which are disclosed in documents or other evidence required by the terms of this Agreement.

(h) Headings. The headings of the sections, paragraphs and subdivisions of this Agreement are for the convenience of reference only, and shall not limit or otherwise affect any of the terms hereof.

(i) Invalid Provisions to Affect No Others. If performance of any provision hereof or any transaction related hereto is limited by law, then the obligation to be performed shall be reduced accordingly; and if any clause or provision herein contained operates or would prospectively operate to invalidate this Agreement in part, then the invalid part of said clause or provision only shall be held for naught, as though not contained herein, and the remainder of this Agreement shall remain operative and in full force and effect.

(j) Application of Interest to Reduce Principal Sums Due. In the event that any charge, interest or late charge is above the maximum rate provided by law, then any excess amount over the

lawful rate shall be applied by the County to reduce the principal sum of the Loan or any other amounts due the County hereunder.

(k) Governing Law. The laws of the State of Florida shall govern the interpretation and enforcement of this Agreement and the venue shall be in Palm Beach County.

(l) Number and Gender. Whenever the singular or plural number, masculine or feminine or neuter gender is used herein, it shall equally include the others and shall apply jointly and severally.

(m) Agreement. This Loan Agreement constitutes the entire understanding and agreement between the parties with respect to the subject matter hereof and may not be modified or amended, except in writing and signed by all parties hereto.

(n) Waiver. If the County shall waive any provisions of the Loan Documents, or shall fail to enforce any of the conditions or provisions of this Loan Agreement, such waiver shall not be deemed to be a continuing waiver and shall never be construed as such; and the County shall thereafter have the right to insist upon the enforcement of such conditions or provisions. Furthermore, no provision of this Agreement shall be amended, waived, modified, discharged or terminated, except by instrument in writing signed by the parties hereto.

(o) Notices. All notice from the Borrower to the County and the County to Borrower required or permitted by any provision of this agreement shall be in writing and sent by registered or certified mail and addressed as follows:

TO LENDER:

Board of County Commissioners
c/o Palm Beach County Attorney's
Office
Suite 601
301 N. Olive Avenue
West Palm Beach, FL 33401

TO BORROWER:

Marina Clinton Associates, Ltd.
c/o Clinton Communities, L.L.C.
120 South Dixie Highway, Suite 204
West Palm Beach, Fl 33401
Attn: Shawn Wilson

With a copy to:

Clinton Communities, L.L.C.
3225 Aviation Ave., Suite 700
Miami, Fl 33133
Attn: Randy Rieger

Such addresses may be changed by written notice to the other party.

(p) Successors and Assigns. This Agreement shall inure to the benefit of and be binding on the parties hereto and their heirs, legal representatives, successors and assigns; but nothing herein shall authorize the assignment hereof by the Borrower.

(q) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall constitute collectively but one and the same instrument.

(r) Waiver of Jury Trail. BORROWER WAIVES ITS RIGHT TO A TRIAL BY JURY IN ANY ACTION, WHETHER ARISING IN CONTRACT OR TORT, BY STATUTE OR OTHERWISE, IN ANY WAY RELATED TO THIS LOAN OR GRANT.

THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE COUNTY'S EXTENDING CREDIT TO BORROWER AND NO WAIVER OF LIMITATION OF THE COUNTY'S RIGHTS UNDER THIS PARAGRAPH SHALL BE EFFECTIVE UNLESS IN WRITING AND MANUALLY SIGNED ON THE COUNTY'S BEHALF.

14. SUBORDINATION. Lender shall approve a First Mortgage (and any modifications, amendments and refundings thereof with an arms length third party lender) provided that it does not exceed \$11,500,000 and further agrees that the Mortgage securing this Loan shall be automatically and without further action subordinate to the First Mortgage. The Chair of the Board of County Commissioners of Palm Beach County and the Clerk of the Court for Palm Beach County, are hereby authorized to execute and shall execute subordination agreements required herein without further approval of the Board of County Commissioners of Palm Beach County, Florida, provided such documents are in a form acceptable to the County Attorney. Nothing contained herein shall, however, relieve the Borrower from its obligation to make payments under the Promissory Note in accordance with its terms.

15. ENFORCEMENT COSTS. In the event of any action, suit or proceeding as commence with the respect to interpretation or enforcement of this Loan Agreement, the prevailing party therein shall be entitled to recover all costs, expenses and fees, including without limitation, reasonable attorney's fees, expended or incurred by such party in connection therewith, including any such costs, expenses and fees upon appeal and imposed judgement proceedings.

16. NONRECOURSE. ANYTHING CONTAINED HEREIN TO THE CONTRARY NOTWITHSTANDING, IN THE EVENT OF ANY DEFAULT BY THE BORROWER UNDER THE LOAN REFERENCED HEREIN, THE SOLE REMEDY OF THE LENDER SHALL BE TO FORECLOSE AGAINST THE PROPERTY GIVEN AS SECURITY FOR THIS LOAN, AND IN NO EVENT SHALL THE BORROWER HAVE ANY LIABILITY FOR THE PAYMENT OF THE LOAN OR ANY OTHER OBLIGATIONS REFERENCED HEREIN, OR FOR THE PAYMENT OF ANY DEFICIENCY FOLLOWING THE FORECLOSURE AGAINST THE PROPERTY GIVEN AS SECURITY FOR THE LOAN.

17. EFFECTIVE DATE OF AGREEMENT. This Agreement is expressly contingent upon the approval of the Palm Beach County Board of County Commissioners, and shall become effective only when signed by all parties and approved by the Palm Beach County Board of County Commissioners. The Effective Date shall be the date on which this Loan Agreement is executed by the Board of County Commissioners.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, Borrower and the County have caused this Agreement to be executed on the date first above written.

Signed, sealed and delivered in the presence of:

[Handwritten signatures]

MARINA CLINTON ASSOCIATES, LTD.
By MARINA CLINTON INC., its General Partner

By: *[Signature]*
Randy Rieger
Vice President

STATE OF FLORIDA
COUNTY OF MIAMI-DADE

The foregoing instrument was acknowledged before me this 14th day of November, 2000 by Randy Rieger, Vice President of Marina Clinton, Inc., who is personally known to me or who has produced _____ as identification and who did/did not take an oath.

[Signature]
(Signature of Notary)



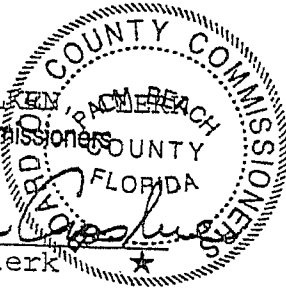
Arlene B. Wildenburg
Commission # CC 214405
Expires ~~March 2003~~, Printed, or Stamped
Bonded thru _____
Atlantic Bonding Co., Inc. (Name of Notary)

My Commission Expires:

R2000 1932 NOV 21 2000

ATTEST:

DOROTHY H. WILKEN
Board of County Commissioners
BY: *[Signature]*
Deputy Clerk



PALM BEACH COUNTY, FLORIDA, a political subdivision of the State of Florida
BY ITS BOARD OF COUNTY COMMISSIONERS

BY: *[Signature]*
Chair

APPROVED AS TO FORM AND LEGAL SUFFICIENCY

BY: *[Signature]*
County Attorney

on the Mortgagee's Title Insurance Policy given in connection herewith and specifically approved by Mortgagee, and that the Mortgagor will warrant and defend the title thereto against the claims of all persons whomsoever, except as hereinafter expressly provided.

Notwithstanding the foregoing, this Mortgage shall be subject and subordinate to a separate mortgage and security agreement and related loan documents encumbering the Premises in favor of the Florida Housing Finance Corporation ("FHFC") in an original principal amount not to exceed \$11,500,000 ("First Mortgage"). This Mortgage shall also be subject and subordinate to a separate Mortgage and Security Agreement and related loan documents in favor of Palm Beach County in an original Principal amount not to exceed \$291,950.00 ("Second Mortgage").

PROVIDED ALWAYS that if the Mortgagor shall pay unto the Mortgagee all sums required under the terms of the Note, which Note is in the original principal amount of \$50,000.00 and has a maturity date of December 31, 2021, unless such maturity is accelerated as set forth in the Note, and shall comply with and abide by each and every one of the stipulations, agreements, conditions and covenants of the Loan Documents, then in such event this Mortgage and Security Agreement and the estate hereby created shall cease and be null and void.

The Mortgagor covenants with the Mortgagee as follows:

1.1 Payments of Indebtedness. The Mortgagor shall punctually pay the principal and interest and all other sums to become due in respect to the Note at the time and place and in the manner specified in the Note, according to the true intent and meaning thereof, all and any coin or currency of the United States of America which at the time of such payment shall be legal tender for the payment of public and private debts.

1.2 Taxes, Liens and Other Charges.

(a) The Mortgagor, from time to time when the same shall become due and payable, will pay and discharge all taxes of every kind and nature, all general and special assessments, levies, permits, inspection and license fees, all water and sewer rents and charges and all other public charges, whether of a like or different nature, imposed upon or assessed against the Mortgaged Property or any part thereof or upon the revenues, rents, issues, income and profits of the Mortgaged Property or arising in respect of the occupancy, use or possession thereof. This requirement does not in any way preclude Mortgagor from contesting real or personal property taxes when appropriate. The Mortgagor will, upon the request of the Mortgagee, deliver to the Mortgagee copies of receipts evidencing the payment of all such taxes, assessments, levies, fees, rents and other public charges imposed upon or assessed against the Mortgaged Property or the revenues, rents, issues, income or profits thereof.

(b) The Mortgagor shall pay, from time to time when the same shall become due, all lawful claims and demands of mechanics, materialmen, laborers, and other persons or entities which, if unpaid, might result in or permit the creation of, a lien on Mortgaged Property or any part hereof, or on the revenues, rents, issues, income and profits arising therefrom whether such lien is or may become prior or remain inferior to the Mortgage and also, irrespective of the priority of such other lien(s). Mortgagor in general will do or cause to be done everything necessary so that the lien hereof shall be fully preserved, at the cost of the Mortgagor, without expense to the Mortgagee.

(c) The Mortgagor shall pay any taxes except income taxes imposed on the Mortgagee by reason of the Mortgagee's ownership of the Note or this Mortgage.

1.3 Insurance. The Mortgagor will keep the Mortgaged Property continuously insured in an amount no less than full insurable value which coverage shall insure the Mortgaged Property against loss or damage by fire and by the perils covered by extended coverage and against such other hazards as the Mortgagee, in its sole discretion, shall from time to time require, for the benefit of the Mortgagee. All such insurance at all times will be in an insurance company or companies in such amounts and with terms reasonably acceptable to the Mortgagee, with loss, if any, payable to the Mortgagee as its interest may appear, pursuant to a noncontributory mortgagee clause which shall be satisfactory to the Mortgagee, and forthwith upon the issuance of such policies they will deliver to the Mortgagee copies of receipts for the premiums paid thereon and certificates of insurance and certified copies of such policies. Any policies furnished the Mortgagee shall become its property in the event the Mortgagee becomes the owner of the Premises by foreclosure or otherwise. Subject to the rights of the Mortgagee pursuant to the First and Second Mortgages, the Mortgagee is hereby authorized and empowered, at its option, to adjust or compromise any loss under any insurance policies on the Mortgaged Property. Each insurance company is hereby authorized and directed to make payment for all such losses to the Mortgagor and the Mortgagee jointly. Should a loss be incurred, equal to or in excess of fifty percent (50%) of the full insurable value of the Mortgaged Property, then in such event, Mortgagee and Mortgagor may jointly elect to use the proceeds for the reconstruction and repair of the Mortgaged Property or, in the alternative, to apply the net proceeds to the payment of the indebtedness hereby secured, whether then due or not. The provisions of this Section 1.3 are subject to the rights of the FHFC under the First Mortgage and Palm Beach County under the Second Mortgage, to which the rights of the Mortgagee are subordinate.

1.4 Care of Premises.

(a) The Mortgagor will keep the improvements now or hereafter erected on the Premises in good condition and repair, will not commit or suffer any waste and will not do or suffer to be done anything which will increase the risk of fire or other hazard to the Premises or any part thereof.

(b) If the Premises or any part thereof is damaged by fire or any other cause, which damage exceeds Two Hundred Thousand Dollars (\$200,000.00) the Mortgagor will give immediate written notice of the same to the Mortgagee.

(c) The Mortgagee or its representative is hereby authorized to enter upon and inspect the Premises at any time during normal business hours.

(d) The Mortgagor will promptly comply with all present and future laws, ordinances, rules and regulations of any governmental authority affecting the Premises or any part thereof.

(e) If all or any part of the Premises shall be damaged by fire or other casualty, the Mortgagor will, upon request of the Mortgagee, promptly restore the Premises to the equivalent of its condition immediately prior to such damage, and if a part of the Premises shall be damaged through condemnation, the Mortgagor will, upon request of Mortgagee, promptly restore, repair or alter the remaining part of the Premises in a manner satisfactory to the Mortgagee. The Mortgagee recognizes that this mortgage will be subordinate to the First Mortgage, and to the extent this provision conflicts with the similar terms and conditions of the First Mortgage, the First Mortgage shall supersede and shall be controlling. Nothing contained herein shall, however, relieve the Mortgagor from its obligation to make payments under the Promissory Note in accordance with its terms.

1.5 Further Assurances; Modifications. At any time, and from time to time, upon request by the Mortgagee, the Mortgagor will make, exercise and deliver or cause to be made, executed and delivered, to the Mortgagee, any and all other further instruments, certificates and other documents as may, in the opinion of the Mortgagee, be necessary or desirable in order to effectuate, complete, or perfect or to continue and preserve (i) the obligations of the Mortgagor under the Note, (ii) the security interest of this Mortgage, and (iii) the mortgage lien hereunder. Upon any failure by the Mortgagor so to do the Mortgagee may make, execute and record any and all such instruments, certificates and documents for and in the name of the Mortgagor and the Mortgagor hereby irrevocably appoints the Mortgagee the agent and the attorney in fact of the Mortgagor so to do.

1.6 Expenses. In addition to the expenses described in subparagraph 2.6(b) hereof, the Mortgagor will pay or reimburse the Mortgagee for all reasonable attorney's fees, costs and expenses, including those in connection with appellate proceedings, incurred by the Mortgagee in any proceedings or in any action, legal proceeding or dispute of any kind which relate to or arise from the Mortgage of the interest created herein, or the Premises, including but not limited to the exercise of the power of sale of this Mortgage, any condemnation action involving the Premises or any action to protect the security hereof; and any such amounts paid by the Mortgagee shall be secured by this Mortgage.

1.7 Estoppel Affidavits. The Mortgagor, upon ten days' prior written notice, shall furnish the Mortgagee a written statement, duly acknowledged, setting forth the unpaid principal of, and interest on, the indebtedness secured hereby and whether or not any off-sets or defenses exist against such principal and interest.

1.8 Subrogation. The Mortgagee shall be subrogated to the claims and liens of all parties whose claims or liens are discharged or paid with the proceeds of the indebtedness secured hereby.

1.9 Performance by Mortgagee of Defaults by Mortgagor. If the Mortgagor shall default in the payment of any tax, lien, assessment or charge levied or assessed against the Premises; in the payment of any utility charge, whether public or private; in the payment of any insurance premium; in the procurement of insurance coverage and the delivery of the insurance policies required hereunder; in the performance of any covenant, term or condition of any leases affecting all or any part of the Premises; or in the performance or observance of any covenant, condition or term of this Mortgage; then the Mortgagee, at its option, may perform or observe the same, and all payments made or costs incurred by the Mortgagee in connection therewith, shall be secured hereby and shall be, with demand, immediately repaid by the Mortgagor to the Mortgagee with interest thereon at the maximum rate provided by law. The Mortgagee shall be the sole judge of the legality, validity and priority of any such tax, lien, assessment, charge, claim, premium and obligation, of the necessity for any such actions and of the amount necessary to be paid in satisfaction thereof. The Mortgagee is hereby empowered to enter and to authorize others to enter upon the Premises or any part thereof for the purpose of performing or observing any such defaulted covenant, condition or term, without thereby becoming liable to the Mortgagor or any other person in possession holding under the Mortgagor.

1.10 Condemnation. In the event of a condemnation (which term when used in the Mortgage shall include any damage or taking by any governmental authority and any transfer by private sale in lieu thereof) either temporarily or permanently, of any part of the Premises constituting twenty percent (20%) or more of the full value of the Premises, or in the event such condemnation makes the Premises unusable for the purposes contemplated herein and in the Loan Agreement, then in such event, the entire indebtedness secured

hereby shall at the option of the Mortgagee, become immediately due and payable. Such events shall be a Condemnation Event ("Condemnation Event"); however, any condemnation for less than twenty percent (20%) of value or not rendering the Premises unusable, shall not be affected by this section. In the event of a Condemnation Event: The Mortgagee shall be entitled to all compensation, awards, and other payments or relief thereof, and is hereby authorized at its option, to commence, appear in, and prosecute, in its own, or the Mortgagor's name, any action or proceeding relating to any condemnation, any to settle or compromise any claim in connection therewith; and all such compensation, awards, damages, claims, rights of action and proceeds, and the right thereto from any Condemnation Event are hereby assigned by the Mortgagor to the Mortgagee, who, after deducting therefrom, all its expenses, including attorneys fees, may release any monies received by it without further affecting this Mortgage and may apply the same in such manner as the Mortgagee shall determine, to the reduction of the sum secured hereby, and any balance of such monies then remaining shall be paid to the Mortgagor. The Mortgagor agrees to execute such further assignment of any compensation, awards, damages, claims, rights of action and proceeds from a Condemnation Event as the Mortgagee may require. The provisions of this Section 1.10 are subject to the rights of the FHRP under the First Mortgage and Palm Beach County under the Second Mortgage, to which the rights of the Mortgagee are subordinate.

1.11 Environmental Representations.

(a) The Mortgagor covenants with the Mortgagee that to the best of Mortgagor's knowledge, the Premises have not been used and will not be used in whole or in part for the storage of hazardous waste.

(b) To the best of Mortgagor's knowledge, no violation of any Federal, State or local environmental regulations now exists regarding the Mortgage Property.

(c) Mortgagor shall comply with all Federal, State and local environmental regulations during the construction of the improvements on the Premises.

(d) Mortgagor shall give written notice to Mortgagee immediately upon Mortgagor's acquiring knowledge of the presence of any hazardous substances on the Mortgage Property or of any hazardous substances contamination thereon, or of any notices received by Mortgagor that are violations or potential violations of any environmental regulation laws, ordinances, rules or regulations exists on the Mortgage Property.

ARTICLE II.

2.1 Due on Sale or Further Encumbrance Clause. In determining whether or not to make the loan secured hereby, Mortgagee examined the credit-worthiness of Mortgagor, found it acceptable and continues to rely upon the same as the means of repayment of the loan. Mortgagee also evaluated the background and experience of Mortgagor in owning and operating property such as the Premises, found it acceptable and continues to rely upon same as the means of maintaining the value of the Premises, was ably represented by a licensed attorney at law in the negotiation and documentation of the loan secured hereby and bargained at arm's length and without duress or any kind for all of the terms and conditions of the loan, including this provision. Mortgagor further recognizes that any secondary or junior financing placed upon the Premises (a) may divert funds which would otherwise be used to pay the Note secured hereby; (b) could result in acceleration and foreclosure by any such junior encumbrance which would force Mortgagee to take measures and incur expenses to

protect its security; (c) could detract from the value of the Premises should Mortgagee's right to accept a deed in lieu of foreclosure, as a foreclosure by Mortgagee would be necessary to clear the title to the Premises.

In accordance with the foregoing and for the purposes of (i) protecting Mortgagee's security both of repayment by Mortgagor and of value of the Premises; (ii) giving Mortgagee the full benefit of its bargain and contract with Mortgagor; (iii) allowing Mortgagee to raise the interest rate and/or collect assumption fees; and (iv) keeping the Premises free of subordinate financing liens, Mortgagor agrees that if this paragraph be deemed a restraint on alienation, that, except for the First and Second Mortgage it is a reasonable one and that any sale, conveyance, assignment, further encumbrance or other transfer of title to the Premises or any interest therein (whether voluntarily or by operation of law) without the Mortgagee's prior written consent, which consent shall not be unreasonably withheld or delayed, shall be an Event of Default hereunder. For the purpose of and without limiting the generality of, the preceding sentence, the occurrence at any time of any of the following events shall be deemed to be an unpermitted transfer of title to the Premises and therefore an Event of Default hereunder.

(a) any sale, conveyance, assignment or other transfer of or the grant of a security interest in, all or any part of the title to the premises, other than easements necessary for the development of the Improvements on the Premises, (a transfer of limited partnership interest in Mortgagor shall not be deemed to be a sale, transfer or refunding; however, any transfer of the general partner's interest shall be deemed to be a sale, transfer or refunding,

(b) any new or additional liabilities secured by the property without the prior written consent of Mortgagee,

Any consent by the Mortgagee or any waiver of an Event of Default, under this Paragraph shall not constitute a consent to, or waiver of any right, remedy or power of the Mortgagee upon a subsequent Event of Default under this Paragraph.

2.2 Default. An Event of Default shall have occurred hereunder if:

(a) The Mortgagor shall fail to pay in full within fifteen (15) days from the date due and payable any installment of principal, interest, late charges or escrow deposits as required by the Note, this Mortgage and otherwise; or

(b) The Mortgagor shall fail to duly observe on time any other covenant, condition or agreement of this Mortgage the Loan Documents or of any other instrument evidencing, security or executed in connection with the indebtedness secured hereby, and such failure continues for a period of fifteen (15) days following written notice by the Mortgagee; or

(c) Any warranties or representations made or agreed to be made in any of the Loan Documents shall be breached by the Mortgagor or shall prove to be false or misleading in any material manner and such breach is not cured within 15 days following notice from Mortgagee; or

(d) Any lien for labor or material or otherwise shall be filed against the Premises, and such lien is not canceled, removed or transferred within sixty (60) days after notice of such lien; or

(e) A levy shall be made under any process on, or a receiver be appointed for, the Premises or any other property of the Mortgagor; or

(f) The Mortgagor shall file a voluntary petition in bankruptcy, or any other petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation or similar relief for the Mortgagor under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtor; or

(g) The Mortgagor shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of the Mortgagor or of all or any part of the Premises or of any or all of the rents, revenues, issues, earnings, profits or income thereof; or

(h) The Mortgagor shall make any general assignment for the benefit of creditors; or

(i) In any legal proceeding the Mortgagor shall be alleged to be insolvent or unable to pay the Mortgagor's debts as they become due and is not dismissed within sixty (60) days of filing; or

(j) The Mortgagor shall do, or shall omit to do, any act, or any event shall occur, as a result of which any obligation of the Mortgagor, not arising hereunder, may be declared immediately due and payable by the holder thereof and such act is not remedied within any applicable cure or grace period; or

(k) A breach by Mortgagor of any covenant, representation, or warranty set forth in the Loan Agreement and the expiration of any applicable grace period, or an Event of Default occurs under the terms of the Loan Agreement or any of the other Loan Documents pertaining to the Note and Mortgage; or

(l) One Hundred Percent (100%) of the Mortgaged Property, except one (1) employee unit, shall cease to be reserved for households who have low or very low income pursuant to U.S. Government HUD guidelines for a period of fifteen (15) years from the date hereof;

(m) The Mortgagor shall default on the First or Second Mortgage; and such default remains uncured after expiration of any applicable cure or grace period.

(n) If the Mortgagee shall reasonably believe that any one or more of the defaults enumerated in paragraphs (a) through (m) may occur, then the Mortgagee shall notify the Mortgagor of the specific facts which create the reasonable basis for its belief and shall request the Mortgagor to provide satisfactory evidence to the Mortgagee that such default is not likely to occur or that Mortgagor has taken appropriate steps to cure the default if it should occur.

2.3 Special Conditions.

(a) Upon sale, transfer, or refinancing of the Premises, all available proceeds of the sale shall be applied to pay the following items in order of priority:

- (1) Expenses of the sale;
- (2) First Mortgage debt in full, including fees;
- (3) Second Mortgage debt in full, including fees;
- (4) All accrued but unpaid interest on the Note;
- (5) This Mortgage debt in full, including fees.

(b) All of the principal and interest of the indebtedness secured hereby shall be due and payable upon sale, transfer, or refinancing. A transfer of limited partnership

interests in Mortgagor shall not be deemed to be a sale, transfer or refinancing; however, any transfer of the general partner's interest shall be deemed to be a sale, transfer or refinancing.

(c) The indebtedness secured hereby shall be serviced by the Mortgagee or by a lending institution selected by Mortgagee.

(d) The discrimination provision of §420.516, Florida Statutes, shall apply to the loan secured hereby.

A violation of any of the above stated Special Conditions by Mortgagor shall constitute a default hereunder.

2.4 Acceleration of Maturity. If an Event of Default shall have occurred hereunder and not cured within applicable cure periods, then the whole unpaid principal sum of the indebtedness secured hereby with interest accrued thereon shall, at the option of the Mortgagee, become due and payable without notice or demand, time being of the essence of this Mortgage and of the Note secured hereby; and no omission on the part of the Mortgagee to exercise such option when entitled so to do shall be considered as a waiver of such right.

2.5 Right of Lender to Enter and Take Possession.

(a) If any default shall have occurred and be continuing beyond expiration of any applicable cure or grace period, the Mortgagor, upon demand of the Mortgagee, shall forthwith surrender to the Mortgagee the actual possession of the Premises and if, and to the extent permitted by law, the Mortgagee may enter and take possession of the Premises and may exclude the Mortgagor and the Mortgagor's agents and employees wholly therefrom. In the event Mortgagee exercises its rights pursuant to this subparagraph (a), the Mortgagee shall be deemed to be acting as agent of Mortgagor and not as owner of the Premises.

(b) For the purpose of carrying out the provisions of this paragraph 2.5, the Mortgagor hereby constitutes and appoints the Mortgagee the true and lawful attorney in fact of the Mortgagor to do and perform, from time to time, any and all actions necessary and incidental to such purpose and does, by these presents, ratify and confirm any and all actions of said attorney in fact in the Premises.

(c) Whenever all such defaults have been cured and satisfied, the Mortgagee shall surrender possession of the Premises to the Mortgagor, provided that the right of the Mortgagee to take possession, from time to time, pursuant to subparagraph 2.5(a) shall exist if any subsequent defaults shall occur and be continuing.

(d) The provisions of this Section 2.5 are subject to the rights of the FHFC under the First Mortgage and Palm Beach County under the Second Mortgage, to which the rights of the Mortgagee are subordinate.

2.6 Appointment of a Receiver and Foreclosure.

(a) If a default shall have occurred hereunder and not cured within applicable cure periods, then the whole debt secured by this Mortgage, with all interest thereon, and all other amounts hereby secured shall, at the option of Mortgagee, become immediately due and payable, and may forthwith or at any time thereafter be collected by suit at law, foreclosure of or other proceeding upon this Mortgage or by any other proper, real or equitable procedure without declaration of such option and without notice.

(b) In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the decree for sale all expenditures and expenses which may be paid or incurred by

or on behalf of the Mortgagee for attorneys' fees, appraisers' fees, outlays for documentary and expert evidence, stenographers' charges, publication cost and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstract of title, title searches and examinations, title insurance policies, and similar data and assurances with respect to title as Mortgagee may deem to be reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Premises. All expenditures and expenses of the nature in this paragraph mentioned shall become so much additional debt secured hereby and shall be immediately due and payable with interest thereon at the maximum rate provided by law, when paid or incurred by Mortgagee in connection with (i) any proceeding, including foreclosure, probate and bankruptcy proceedings, to which it shall be a party, either as plaintiff, claimant, or defendant, by reason of this Mortgage, or any indebtedness hereby secured, (ii) preparations for the commencement of any suit for the foreclosure hereof after accrual of such right to foreclose whether or not actually commenced, or (iii) preparations for the defense of any threatened suit or proceeding which might affect the Premises or the security hereof, whether or not actually commenced.

(c) Upon, or at any time after, the filing of a complaint to foreclose this Mortgage, the court in which such complaint is filed may appoint a receiver of the Premises. Such appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency of Mortgagor at the time of application for such receiver and without regard to the then value of the Premises. Such receiver shall have power to collect the rents, issues and profits of the Premises during the pendency of such foreclosure suit, and in case of a sale and a deficiency, during the full statutory period of redemption, if any, whether there be redemption or not, as well as during any further times when Mortgagor except for the intervention of such receiver, would be entitled to collect such rents, issues and profits, and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Premises during the whole of said period.

(d) If a default shall have occurred hereunder and is not cured within the applicable cure period, Mortgagor shall deliver to Mortgagee at any time on its request, all agreements for deed, contracts, leases, abstracts, title insurance policies, muniments of title, surveys and other papers relating to the Premises, and in case of foreclosure thereof and failure to redeem, the same shall be delivered to and become the property of the person obtaining a deed to the Premises by reason of such foreclosure.

(e) The provisions of this Section 2.6 are subject to the rights of the FHFC under the First Mortgage, to which the rights of the Mortgagee are subordinate.

2.7 Discontinuance of Proceedings and Restoration of the Parties. In case the Mortgagee shall have proceeded to enforce any right or remedy under this Mortgage by receiver, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adverse to the Mortgagee, then in every such case the Mortgagor and the Mortgagee shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of the Mortgagee shall continue as if no such proceeding had been taken.

2.8 Remedies Cumulative. No right, power or remedy conferred upon or reserved by the Mortgagee by this Mortgage is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity or by statute.

2.9 Stamp and Excise Tax. If any documentary additional stamp or excise tax shall become applicable with respect to this Mortgage, the Note, any loan or credit extended hereunder, or any security agreement, guaranty, the loan agreement or other document, the Mortgagor shall promptly pay such tax in full (including interest and penalties, if any) and shall hold the Mortgagee harmless with respect thereto. The Mortgagor's liability under this paragraph 2.9 will survive the repayment of indebtedness under the Note.

ARTICLE III.

3.1 Successors and Assigns Included in Parties. Whenever in this Mortgage one of the parties hereto is named or referred to, the heirs, legal representatives, successors and assigns of such parties shall be included and all covenants and agreements contained in this indenture by or on behalf of the Mortgagor and by or on behalf of the Mortgagee shall bind and inure to the benefit of their respective heirs, legal representatives, successors and assigns, whether so expressed or not. Provided, however, that the Mortgagor shall have no right to assign its obligations hereunder without the prior written consent of the Mortgagee, which shall not be unreasonably withheld.

3.2 Headings. The headings of the sections, paragraphs and subdivisions of this Mortgage are for the convenience of reference only and shall not limit or otherwise affect any of the terms hereof.

3.3 Invalid Provisions to Affect No Others. If fulfillment of any provision hereof or any transaction related hereto or to the Note, at the time performance of such provisions shall be due, shall involve transcending the limit of validity prescribed by law, then ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity; and if any clause or provision herein contained operates or would prospectively operate to invalidate this Mortgage in whole or in part, then such clause or provision only shall be held for naught, as though not herein contained, and the remainder of this Mortgage shall remain operative and in full force and effect. Notwithstanding any provision contained herein, the total liability of Mortgagor for payment of interest, including service charges, penalties or any other fees shall not exceed the maximum amount of such interest permitted by applicable law to be charged, and if any payments by Mortgagor include interest in excess to the reduction of the unpaid principal amount due and pursuant hereto.

3.4 Number and Gender. Whenever the singular or plural number, masculine or feminine or neuter gender is used herein, it shall equally include the other.

ARTICLE IV.

4.1 Notice. Any notice or other communication required or permitted to be given hereunder shall be sufficient if in writing and delivered in person or sent by United States Certified Mail, postage prepaid, to the parties being given such notice at the following addresses:

Mortgagor: Marina Clinton Associates, Ltd.
Housing Trust Group of FL, LLC
3250 Mary Street, Suite 500
Miami, Florida 33133
Attn: Shawn Wilson

With a copy to: Clinton Communities, L.L.C.
3250 Mary Street, Suite 500
Miami, FL 33133

Attn: Randy Rieger

Mortgagee:

Palm Beach County
c/o County Attorney's Office
301 North Olive Avenue, Suite 601
West Palm Beach, FL 33401

And:

Key Investment Fund Limited
Partnership XXIII
c/o Key Affordable Housing Corp.
911 Main St., Suite 1500
Kansas City, MO 64105
Attn: Marty O'Connor

This is a copy of the original document.

Any party may change said address by giving the other parties hereto notice of such change of address. Notice given as hereinabove provided shall be deemed given on the date of its deposit in the United States Mail and, unless sooner received, shall be deemed received by the party to whom it is addressed on the third calendar day following the date on which said notice is deposited in the mail, or if a courier system is used, on the date of delivery of the notice.

ARTICLE V.

5.1 Future Advances. It is agreed that this Mortgage shall also secure such future or additional advances as may be made by the Mortgage at its option to the Mortgagor, or its successor in title, for any purpose, provided that all those advances are to be made within three (3) years from the date of this Mortgage, or within such lesser period of time as may be provided hereafter by law as a prerequisite for the sufficiency of actual notice or records notice of the optional future or additional advances as against the rights of creditors or subsequent purchasers for valuable consideration. The total amount of indebtedness secured by this Mortgage may decrease or increase from time to time, but the total unpaid balance so secured at any one time shall not exceed twice the principal amount of the Note, plus interest, and any disbursements made for the payment of taxes, levies or insurance on the Premises with interest on those disbursements. If, pursuant to Florida Statutes Section 697.04, Mortgagor files a notice specifying the dollar limit beyond which future advances made pursuant to this Mortgage will not be secured by this Mortgage, then Mortgagor shall, within one (1) year of day of filing such notice, notify Mortgagee and its counsel by certified mail pursuant to Section 4.1 of this Mortgage. In addition, such a filing shall constitute a default hereunder.

5.2 Subordination. Mortgagee (i) hereby approves and shall be deemed to approve on a continuing basis during the term of this Mortgage a First Mortgage (and any modifications, amendments, replacements, refunding or refinancings thereof with one or more commercial lenders provided that it does not exceed \$11,500,000 and (ii) further acknowledges and agrees, that the Mortgage securing this Loan shall be automatically and without further action subordinate to the First Mortgage. The Chair of the Board of County Commissioners of Palm Beach County and the Clerk of the Court for Palm Beach County, are hereby authorized to execute and shall execute subordination agreements required by the applicable Mortgage lenders without further approval of the Board of County Commissioners of Palm Beach County, Florida, provided such documents are in a form acceptable to the County Attorney. Lender also approves a Second Mortgage in favor of Palm Beach County in the original principal amount of \$291,950.00. Nothing contained herein shall, however, relieve the Borrower from its obligation to make payments under the Promissory Note in accordance

with its terms.

5.3 Lien Priority. The lien priority of this Mortgage shall not be affected by any changes in the Note including, but not limited to, an increase in the interest rate charged pursuant to the Note. Any parties acquiring an interest in the Premises subsequent to the date of this Mortgage is recorded shall acquire such interest in the Premises with notice that Mortgagee may increase the interest rate charged pursuant to the Note or otherwise modify the Note and the Note, as modified, and the Mortgage shall remain superior to the interest of any Party in the Premises acquired subsequent to the date of this Mortgage is recorded, other than the First and Second Mortgages.

5.4 Security Agreement. Subject to rights of FHFC, this instrument also creates a security interest in any and all equipment and furnishings as are considered or determined to be personal property or fixtures, together with all replacements, substitutions, additions, products and proceeds thereof, in favor of the Mortgagee under the Florida Uniform Commercial Code to secure payment of principal, interest and other amounts due Mortgagee now or hereafter secured hereby, and Mortgagee shall also have all the rights and remedies of a secured part under the Florida Uniform Commercial Code shall be cumulative and in addition to all other rights and remedies of Mortgagee arising under the common law or any other laws of the State of Florida or any other jurisdiction.

5.5 Nonrecourse. ANYTHING CONTAINED HEREIN TO THE CONTRARY NOTWITHSTANDING, IN THE EVENT OF ANY DEFAULT BY THE BORROWER UNDER THE LOAN REFERENCED HEREIN, THE SOLE REMEDY OF THE MORTGAGEE SHALL BE TO FORECLOSE AGAINST THE PROPERTY GIVEN AS SECURITY FOR THIS LOAN, AND IN NO EVENT SHALL THE BORROWER OR ANY OF ITS PARTNERS HAVE ANY LIABILITY FOR THE PAYMENT OF THE LOAN OR FOR ANY OTHER OBLIGATIONS REFERENCED HEREIN, OR FOR THE PAYMENT OF ANY DEFICIENCY FOLLOWING THE FORECLOSURE AGAINST THE PROPERTY GIVEN AS SECURITY FOR THE LOAN.

5.6 Choice of Law. This Mortgage is to be construed in all respects and enforced according to the laws of the State of Florida and you shall be in Palm Beach County.

5.7 Binding Effect. This Mortgage shall be binding upon and insure to the benefit of the Mortgagor and Mortgagee hereto, and their respective heirs, successors and assigns.

IN WITNESS WHEREOF, the Mortgagor has executed and sealed this Mortgage, the day and year first above written.

Witnesses:

MARINA CLINTON ASSOCIATES, LTD.
BY: Marina Clinton, Inc., its
General Partner

Yannis C. Smytz

BY: *[Signature]*
Shawn Wilson,
Vice-President

STATE OF FLORIDA
PALM BEACH COUNTY

The foregoing instrument was acknowledged before me this 26
day of July, 2005 by Shawn Wilson as Vice-President of
MARINA CLINTON INC., the general partner of MARINA CLINTON
ASSOCIATES, LTD. who is personally known to me or who has
produced _____ as identification and who did/did not take
an oath.

(Signature of Notary)

Rubina Vazquez

(Typed, Printed, or Stamped
Name of Notary)

My Commission Expires:
12-16-05



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EXHIBIT "A"

LEGAL DESCRIPTION

PARCEL 1:

All lands encompassed by the Plat of OLYMPUS CLUB OF THE PALM BEACHES, according to the Plat thereof, recorded in Plat Book 33, Page 79.

PARCEL 2:

A portion of the Plat of OLYMPUS VILLAGE, P.U.D. OF THE PALM BEACHES, according to the Plat thereof, recorded in Plat Book 33, Page 80; said lands situate, lying and being in Palm Beach County, Florida, and being more particularly described as follows:

Commencing at the Northwest corner of said Plat; thence South $0^{\circ} 02' 00''$ West, along the West line of said Plat, a distance of 499.50 feet to the POINT OF BEGINNING; thence continue South $00^{\circ} 02' 00''$ West, along the said West line of said Plat, a distance of 335.70 feet; thence South $67^{\circ} 53' 40''$ East, a distance of 245.32 feet; thence North $83^{\circ} 50' 00''$ East, along the Southerly line of said Plat, a distance of 173 feet; thence North $50^{\circ} 30' 00''$ East, a distance of 297 feet; thence North $43^{\circ} 06' 12''$ West, a distance of 385.51 feet; thence North $88^{\circ} 04' 00''$ West, a distance of 15.55 feet; thence South $46^{\circ} 53' 48''$ West, a distance of 90.24 feet; thence North $89^{\circ} 58' 00''$ West, a distance of 282.93 feet to the POINT OF BEGINNING.

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PROMISSORY NOTE

\$50,000.00

West Palm Beach, Florida

July 26, 2005

FOR VALUE RECEIVED the undersigned MARINA CLINTON ASSOCIATES, LTD., a Florida limited partnership ("Maker"), promises to pay to the order of PALM BEACH COUNTY, a political subdivision of the State of Florida, together with any other holder hereof ("Holder"), at 302 North Olive Avenue, West Palm Beach, Florida 33401, or such other place as Holder may from time to time designate in writing, the principal sum of FIFTY THOUSAND (\$50,000.00) DOLLARS plus accrued interest, to be paid in lawful money of the United States of America, as follows:

- 1) This Note shall bear interest only computed at the stated rate of one (1%) percent per annum on the outstanding principal balance from time to time remaining unpaid from the date of each disbursement.
- 2) Repayment hereunder shall occur as follows:
 - (a) From the date hereof until December 31, 2007 no payments will be required and interest will accrue and be payable at the maturity date.
 - (b) Repayment thereafter shall be limited to the actual cash flow of the Project which shall be determined annually on a calendar year basis, commencing with the year 2007, and certified by an independent Certified Public Accountant reasonably acceptable to the County, prior to the annual payment due date. The first annual payment due date hereunder shall be on April 30, 2008, with respect to all payments due under subparagraph 4) below for the preceding calendar year. Subsequent annual payments shall be due on the 30th day of April for each preceding calendar year thereafter through April 30, 2021 (Maturity Date), at which time all outstanding principal indebtedness together with all accrued and unpaid interest thereon shall be due and payable, unless acceleration is made by Holder pursuant to the provisions hereof.
- 3) Maker agrees to provide annually to Holder a certification of Project income and expenses, and certified by an independent Certified Public Accountant acceptable to the County, which shall be used by Holder to determine payments due hereunder. Said certification shall be provided prior to each annual due date commencing in the year 2007.
- 4) Commencing with the year 2007, payments from Project income as determined by Holder shall be applied to pay the following items in order of priority:
 - a) First Mortgage fees and debt service, and all Project expenses;
 - b) Second Mortgage fees and debt service;

- b) Base interest payment on principal balance hereof equal to one percent (1%) per annum; and
- c) Any such base payment of interest hereunder deferred from previous years commencing with the year 2007.

5) Any payments of current or deferred base interest due annually hereunder shall be deferred until the next annual due date to the extent that Project income is insufficient to make said payments pursuant to the payment priority schedule in paragraph (4) above and as determined by Maker.

6) This Note may be prepaid in whole or in part at any time, without penalty or premium. Any prepayment hereunder shall be applied first to unpaid costs of collection, servicing fees, and late charges, if any, then to accrued, deferred and unpaid interest and the balance, if any, to the principal balance.

7) After maturity or acceleration, this Note shall bear interest at the Default Interest Rate until paid in full.

8) All terms hereunder shall be as construed and defined in Chapter 91-28, Florida Administrative Code.

PALM BEACH COUNTY, A POLITICAL SUBDIVISION OF THE STATE OF FLORIDA IS EXEMPT FROM PAYMENT OF EXCISE TAX ON DOCUMENTS. STAMPS HAVE BEEN AFFIXED TO THE MORTGAGE AND CANCELED AS REQUIRED BY LAW.

This Note is executed pursuant to the terms and conditions of that certain Loan Agreement dated July 12th, 2005 between Maker, as Borrower, and Holder, as Lender, is secured by a Mortgage and Security Agreement (the "Mortgage") encumbering certain real property located in Palm Beach County, Florida (the "Premises"), all of even date herewith. The foregoing and all other agreements, instruments and documents delivered in connection therewith and herewith are collectively referred to as the "Loan Documents."

This Note has been executed and delivered in, and is to be governed by and construed under the laws of, the State of Florida, as amended, except as modified by the laws and regulations of the United States of America.

Nothing herein contained, nor any transaction related thereto, shall be construed or so operate as to require the Maker to pay interest at a greater rate than is now lawful in such case to contract for, or to make any payment, or to do any act contrary to ethical law. Should any interest or other charges paid by the Maker, or parties liable for the payment of this Note, in connection with the Loan Documents result in the computation or earning of interest in excess of the maximum rate of interest that is legally permitted under applicable law, any and all such excess shall be and the same is hereby waived by the Holder, and any and all such excess shall be automatically credited against and in reduction of the balance due under this indebtedness, and a portion of said excess which exceeds the balance due under this indebtedness shall be paid by the Holder to the Maker.

Holder shall have the right to declare the total unpaid balance hereof to be immediately due and payable in advance of the Maturity Date upon the failure of Maker to pay when due any payment of principal or interest or other amount due hereunder; or upon the occurrence of an Event of Default pursuant to any other Loan

Documents now or hereafter evidencing, securing or guarantying payment of this Note. Exercise of this right shall be with five (5) days prior written notice to Maker or to any other person liable for payment hereof.

Any payment hereunder not paid when due (at maturity, upon acceleration or otherwise) shall bear interest at the highest rate allowed by applicable law from the due date until paid.

Provided Holder has not accelerated this Note, Maker shall pay holder a late charge of five percent (5%) of any required payment which is not received by Holder when said payment is due pursuant to the Note. The parties agree that said charge is a fair and reasonable charge for the late payment and shall not be deemed a penalty.

Time is of the essence hereunder. In the event that this Note is collected by law or through attorneys at law, or under advice therefrom, Maker agrees, to pay all costs of collection including reasonable attorneys' fees, whether or not suit is brought, and whether incurred in connection with collection, trial, appeal, bankruptcy or other creditors proceedings or otherwise.

Acceptance of partial payments or payments marked "payment in full" or "in satisfaction" or words to similar effect shall not affect the duty of Maker to pay all obligations due hereunder, and shall not affect the right of Holder to pursue all remedies available to it under any Loan Documents.

The remedies of Holder shall be cumulative and concurrent, and may be pursued singularly, successively or together, at the sole discretion of Holder, including specifically any failure to exercise or forbearance in the exercise of any remedy, shall be deemed to be a waiver or release of the same, such waiver or release to be effected only through a written document executed by Holder and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as continuing or as constituting a case of dealing, nor shall it be construed as a bar to, or as a waiver or release of, any subsequent remedy as to a subsequent event.

Any notice to be given or to be served upon any party hereto in connection with this Note, whether required or otherwise, may be given in any manner permitted under the Loan Documents.

The term "other person liable for payment hereof" shall include any endorser, guarantor, surety or other person now or hereafter primarily or secondarily liable for the payment of this Note, whether by signing this or another loan document.

Whenever the context so requires, the neuter gender includes the feminine and/or masculine, as the case may be, and the singular number includes the plural, and the plural number includes the singular.

Maker and any other person liable for the payment hereof respectively, hereby (a) expressly waive any valuation and appraisal, presentment, notice of dishonor, protest, and diligence in collection; (b) consent that Holder may, from time to time and without notice to any of them or demand, (i) extend, rearrange, renew or postpone any or all payments, (ii) release, exchange, add to or substitute all or any part of the collateral for this Note, and/or (iii) release Maker (or any co-maker) or any other person liable for payment hereof, without in any way modifying, altering, releasing, affecting or limiting their respective liability or the lien of any security instrument; and

(c) agree that Holder, in order to enforce payment of this Note against any of them, shall not be required first to institute any suit or to exhaust any of its remedies against Maker (or any co-maker) or against any other person liable for payment hereof or to attempt to realize on any collateral for this Note.

ANYTHING CONTAINED HEREIN TO THE CONTRARY NOTWITHSTANDING, IN THE EVENT OF ANY DEFAULT BY THE BORROWER UNDER THE LOAN REFERENCED HEREIN, THE SOLE REMEDY OF THE HOLDER SHALL BE TO FORECLOSE AGAINST THE PROPERTY GIVEN AS SECURITY FOR THIS LOAN, AND IN NO EVENT SHALL THE BORROWER, OR ANY PARTNER OF THE BORROWER, HAVE ANY LIABILITY FOR THE PAYMENT OF THE LOAN OR ANY OTHER OBLIGATIONS REFERENCED HEREIN OR FOR THE PAYMENT OF ANY DEFICIENCY FOLLOWING THE FORECLOSURE AGAINST THE PROPERTY GIVEN AS SECURITY FOR THE LOAN.

MAKER AND HOLDER WAIVE THEIR RIGHT TO A TRIAL BY JURY IF ANY ACTION, WHETHER ARISING IN CONTRACT OR TORT, BY STATUTE OR OTHERWISE, IN ANY WAY RELATED TO THIS NOTE. THIS PROVISION IS A MATERIAL INDUCEMENT FOR HOLDER'S EXTENDING CREDIT TO MAKER AND NO WAIVER OR LIMITATION OF HOLDER'S RIGHTS UNDER THIS PARAGRAPH SHALL BE EFFECTIVE UNLESS IN WRITING AND MANUALLY SIGNED ON HOLDER'S BEHALF.

IN WITNESS WHEREOF, Maker has executed this Note on the day and year first above written.

MARINA CLINTON ASSOCIATES., LTD.
By MARINA CLINTON INC., its General
Partner

By: 

Shawn Wilson
Vice-President

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LOAN AGREEMENT

THIS AGREEMENT, dated as of this day of JUL 12 2005, 2005, by and between Palm Beach County, a political subdivision of the State of Florida, (hereinafter referred to as the "County" and the "Lender") and Marina Clinton Associates, Ltd., a Florida Limited Partnership, whose Federal I.D. number is 65-0962444 (the "Borrower").

1. RECITALS.

(a) Borrower is the owner of two tracts of land, containing approximately 12.04 acres located in Palm Beach County, Florida, as more particularly described in Exhibit "A" attached hereto (the "Premises"). Borrower has constructed an apartment complex with a total of 192 units, of which one (1) unit is reserved for an employee of Borrower, and related facilities, as affordable housing for older persons, on the Premises (the "Improvements").

(b) Borrower has applied to the County for a loan in the principal amount of Fifty (\$50,000.00) Thousand Dollars (the "Loan") to be used by Borrower to pay for repairs to the Improvements caused by the 2004 hurricanes.

(c) Borrower and the County have negotiated the terms and conditions of, and wish to enter into, this Agreement in order to set forth the terms and conditions for the disbursement of the Loan.

(d) The Florida Housing Finance Corporation (FHFC), 227 N. Bronough Street, Suite 5000, Tallahassee, Florida 32301, under the Multi-Family Mortgage Revenue Bond Program, financed \$11,255,000 of the construction of the Improvements pursuant to a separate loan to Borrower, secured by a separate mortgage encumbering the Premises (the "First Mortgage"). A portion of the First Mortgage in the approximate amount of \$3,400,000 was allocated by the Housing Finance Authority of Palm Beach County (PBHFA) and was issued by the FHFC pursuant to other documents and agreements between the PBHFA and FHFC.

(e) Palm Beach County financed \$291,950.00 of the construction of the Improvements pursuant to a separate loan to Borrower, secured by a separate mortgage encumbering the Premises (the "Second Mortgage").

NOW, THEREFORE, in consideration of the premises, and of the mutual covenants and agreements set forth below the receipt and sufficiency of which is hereby acknowledged, Borrower and the County agree as follows:

2. THE LOAN. The County shall make the Loan to Borrower in an amount not to exceed Fifty (\$50,000.00) Thousand Dollars upon the terms and conditions set forth herein, and at the rates and terms set forth in its Note and Mortgage attached hereto as Exhibit "B" and "C" respectively, and Borrower shall take the Loan and expressly agrees to comply with and to perform all of the terms and conditions of this Loan Agreement, the Note, the Mortgage and any other documents evidencing and securing this Loan (collectively hereinafter referred to as the "Loan Documents"). The closing of the Loan including the execution of the Note and Mortgage, shall occur at the offices of the County Attorney or such other mutually agreed upon site no later than December 15, 2005.

3. RIGHT TO AUDIT. The Borrower shall maintain adequate records to justify all charges, expenses and costs incurred for

completion of the Improvements for at least three (3) years after completion. The County shall have access to such books, records, and documents as required in this section for the purpose of inspection or audit during normal business hours, at the Borrower's place of business.

4. CONDITIONS PRECEDENT TO CLOSING. The conditions listed below are a condition precedent to the County's acceptance of the Mortgage documents and disbursement of funds and shall be complied with in form and substance satisfactory to the County prior to the closing:

(a) Title Insurance:

(i) Within thirty (30) days of the effective date hereof, Borrower shall deliver to County a title commitment issued by a title insurance company qualified to do business in the State of Florida and acceptable to County, agreeing to issue to County upon recordation of the Mortgage a Lender's Title Insurance Policy in the amount of said Mortgage, subject only to the Permitted Exceptions listed on Exhibit "D" attached hereto and made a part hereof. Said commitment shall have attached to it copies of all exceptions referred to in the title commitment. The cost of said title commitment and policy and any premium therefore shall be borne by Borrower.

(ii) County shall have fifteen (15) days after receipt of the title insurance commitment in which to review the same. In the event the title insurance commitment shall show as an exception any matter other than the Permitted Exceptions, County shall notify Borrower of its objections there to and Borrower shall act to remove such exceptions, which exception shall be deemed to constitute title defects. The Borrower shall be entitled to thirty (30) days from the day of notification (with the term of Closing Date if necessary) within which to cure such defects or make arrangements with the title insurer for the removal of any such objections from the commitment. If the defect shall not have been so cured or removed from the commitment by endorsement thereto with the termination of said thirty (30) day period, the County shall have the option of accepting title as it then exists or terminating this Loan Agreement, by giving written notice thereof to Borrower, in which event the parties shall be relieved of all further obligations hereunder.

(iii) The title insurance commitment shall be endorsed at closing to remove any and all requirements of pre-conditions to the issuance of a Lenders Title Insurance Policy, and to delete any exceptions for: (a) any rights or claims or parties in possession not shown by the public records; (b) encroachments, overlaps, boundary line disputes, and any other matters which would be disclosed by an accurate survey and inspection of the Premises; (c) unrecorded easements and claims of liens; (d) taxes for the year of closing and all prior years; (e) matters arising or attaching subsequent to the effective date of the commitment but before the Mortgage becomes recorded in the Public Records.

(b) Note: The Note, in a form acceptable to the County Attorney, shall be duly authorized, executed and delivered to the County;

(c) Mortgage: The Mortgage, in a form acceptable to the County Attorney, shall be duly authorized, executed, acknowledged, delivered to the County, and when recorded, shall be a valid mortgage lien on the Premises and on all fixtures and personal property owned by Borrower to be used in connection with the

Improvements.

(d) Mortgagor's Affidavit: An affidavit of Borrower shall be executed and delivered to the County as required by the Title Insurer as noted in paragraph 4 (a) above, certifying to all such facts as are required to delete the Standard Exceptions from the Lenders Title Insurance Policy and certifying that no liens exist on the Premises for taxes not yet due and payable and that no other parties are entitled to possession except as otherwise provided herein.

(e) Partnership Documents: Borrower shall deliver to the County the following documents:

(i) The Certificate of Limited Partnership of the Borrower and all amendments thereof, certified by the appropriate official of the State of Florida, together with certificates of such official to the effect that Borrower is in good standing therein;

(ii) certified resolutions of the Borrower authorizing the execution and delivery of this Agreement, the Mortgage, Note and all other documents necessary or desirable, for the consummation of the transactions contemplated by this Agreement;

(f) Opinion of Borrower's Counsel: Borrower shall deliver to the County an opinion of counsel for Borrower and addressed to the County, such counsel to be reasonably satisfactory to the County, to the effect that:

(i) This Loan Agreement and all Loan Documents and any other documents required to be delivered hereunder have been duly authorized, executed and delivered and are valid, binding and enforceable in accordance with their terms.

(ii) that Borrower is a Florida limited partnership in good standing under the laws of the State of Florida and has all the necessary power and authority to undertake its obligations hereunder,

(iii) that Borrower is in compliance with all laws, regulations, ordinances and orders of all governmental authorities, including, but not limited to, if applicable, the Interstate Land Sales Full Disclosure Act, all applicable federal and state securities laws, and all laws of the State of Florida, applicable to the type of development contemplated hereunder,

(iv) that the proposed construction of the Improvements and proposed use of the Premises comply with all applicable zoning and building laws and regulations, and all other applicable federal, state and local laws, ordinance and regulations, and that all permits and approvals required by all governmental agencies regulating air and water pollution have been obtained, and Florida Statute Chapter 380 pertaining to Development of Regional Impact (including the Aggregation Rule) as it relates to the Premises is not applicable,

(v) that there is no charter or bylaw of Borrower and no provision of any existing mortgage, indenture, contract or agreement known to such counsel binding on Borrower or affecting its property which could conflict with or in any way prevent the execution, delivery and carrying out of the terms of this Agreement,

(vi) that to counsel's knowledge there are no proceedings pending or threatened before any court or administrative agency which will materially adversely affect the financial condition or operation of Borrower or the Premises, including but not limited to bankruptcy, reorganization or insolvency proceeding or any other debtor-creditor proceedings under the Bankruptcy Code or any similar statute, nor to counsel's knowledge are there any financial circumstances which could lead to such proceedings,

(vii) that the lien of the Mortgage is a valid lien on the Premises and the security interest described in the mortgage are good and valid security interests.

(viii) such other matters as the County may reasonable require.

(j) Expenses: Borrower shall have paid all those fees and charges due and payable or ordered paid by the County as provided herein under Paragraph 6 of this Loan Agreement entitled Expenses;

(k) Other Documents: Borrower shall deliver to the County such other documents and information as the County may reasonably require; and

(l) Representations and Warranties: The representations and warranties of Borrower as set forth in this Agreement and the Loan Documents are true and correct.

5. DISBURSEMENT OF LOAN FUNDS: Upon receipt of documentation evidencing payment of hurricane repair costs by Borrower, the County shall disburse the Loan funds to Borrower in an amount not to exceed Fifty (\$50,000.00) Thousand Dollars.

6. EXPENSES: Borrower shall pay fees and charges incurred in the procuring and making of this Loan, if applicable, and other expenses incurred by the County during the term of the Loan, including the Title Insurance Company's fees and premiums, charges for examination of title to the Premises, expenses of surveys, Florida Documentary Stamp Taxes, recording expenses, any and all insurance premiums, taxes, assessments, water rates, sewer rates and other charges, liens and encumbrances upon the Premises, and any other amounts necessary for the payment of the costs of Improvements.

7. SPECIAL PROVISIONS: Borrower expressly agrees to the following terms and conditions:

(a) Borrower agrees to repair hurricane damage to the Improvements, which improvements consist of a 192 unit, one, two and three bedroom apartment complex, and that one hundred (100%) percent of the apartment units, except the employee unit, shall be reserved for households who have low or very low income pursuant to U.S. Government HUD guidelines for a period of fifteen (15) years.

(b) Borrower agrees that the apartment complex will operate as housing for older persons, as such term is defined in federal fair housing laws.

(c) The Borrower shall not discriminate on the basis of race, creed, religion, color, sex, marital status, sexual orientation, national origin, age, familial status or handicap in the use, or occupancy of any housing constructed on the Premises.

(d) The Mortgage shall not be subject to any prepayment

penalty.

(e) The Mortgage shall become immediately due and payable upon sale, transfer, or refinancing. However, a transfer of the Limited Partnership interests or the admission of a new Limited Partner in Borrower shall not be deemed a sale or transfer; however, a transfer of the General Partner's interest shall be deemed to be a sale or transfer for the purposes of this Agreement.

(f) The Mortgage shall be non-assumable.

Conditions (a) (b) and (c) above shall, upon closing become covenants running with the land for a period of fifteen (15) years and shall survive the closing, and the payment or other termination of the Mortgage and Note. These conditions and covenants will be recorded in the land records of Palm Beach County, Florida by inclusion in the mortgage and/or by separate document satisfactory to the County's Attorney citing the granting of this loan and mortgage as consideration.

8. REPRESENTATIONS AND WARRANTIES OF BORROWER. Borrower represents and warrants (which representations and warranties shall be deemed continuing) as follows:

(a) Organization Status. Borrower is a limited partnership duly organized and validly existing in good standing under the laws of the State of Florida with full power and authority to consummate the transactions contemplated herein. Borrower is duly authorized to borrow from County the principal sum of Fifty (\$50,000.00) Thousand Dollars and execute all Loan the documents pertaining thereto.

(b) Financial Statements. The Financial statements of Borrower heretofore reviewed with the County are true and correct in all material respects, have been prepared in accordance with generally accepted accounting principles, and fairly present the respective financial conditions of the subjects thereof as of the respective dates thereof, and no material adverse change has occurred in the financial conditions reflected therein since the respective dates thereof and no additional borrowings have been made by Borrower since the date thereof;

(c) Authority to Enter into Loan Documents. The Borrower has full power and authority to enter into the Loan Documents and consummate the transactions contemplated hereby, and the facts and matters expressed or implied in the opinions of its legal counsel are true and correct;

(d) Validity of Loan Documents. The Loan Documents have been approved by those persons having proper authority, and to the best of Borrower's knowledge are in all respects legal, valid and binding according to their terms;

(e) Conflicting Transactions of Borrower. The consummation of the transaction hereby contemplated and the performance of the obligations of Borrower under and by virtue of the Loan Documents will not result in any breach of, or constitute a default under, any other Agreement to which Borrower is a party or by which it may be bound or affected;

(f) Pending Litigation. There are no actions, suits or proceedings pending before any court or law equity, or any Administrative Board, or, to the knowledge of the Borrower, threatened against or affecting it or the Premises, or, involving

the validity or enforceability of the Mortgage, or of any of the Loan Documents.

(g) Availability of Utilities. All utility services necessary for the construction of the Improvements and the operation thereof for their intended purpose are or will be available at the boundaries of the Premises, including water supply, storm and sanitary sewer facilities, and electric and telephone facilities, and Borrower has obtained all necessary permits and permissions required from governmental authorities for unrestricted access to and use of such services in connection with the construction and use of the intended Improvements;

(h) Condition of Premises. The Premises are not now damaged or injured as a result of any fire, explosion, accident, flood or other casualty with the exception of hurricane damage, and to Borrower's knowledge there are no soil conditions which would materially interfere with the construction of the Improvements;

(i) Availability of Roads. All roads necessary for the full utilization of the intended Improvements for their intended purposes have either been completed or the necessary rights of way therefor have either been acquired by the appropriate local authorities or have been dedicated to public use and accepted by such local authorities and all necessary steps have been taken by Borrower and such local authorities to assure the complete construction and installation thereof;

(j) No Default. There is no default on the part of the Borrower under this Loan Agreement, the Note or the Mortgage, and no event has occurred and is continuing which with notice, or the passage of time, or either, would constitute a default under any provision thereof; and

(k) Advertising. During the period of the construction of the Improvements, the County shall have the right to install and maintain on the Premises one or more signs identifying the County, or to be identified on such signs installed by others, as one of the institutions financing the Premises. Sign or signs will be provided by the County and erected at Borrower's expense.

(l) Hazardous Waste. To Borrower's knowledge, Borrower is in compliance with all provisions of the federal Water Pollution Control Act, Comprehensive Environmental Response, Compensation and Liability ("Superfund") Act of 1980 and Solid Waste Disposal Act, Florida Statutes, Chapter 376, and other similar federal, state and local statutory schemes imposing liability on Borrower relating to the generation, storage, impoundment, disposal, discharge, treatment, release, seepage, emission, transportation or destruction of any sewage, garbage, effluent, asbestos or asbestos-containing materials, polychlorinated biphenyls (PCBs), toxic, hazardous or radioactive materials, petroleum products, pesticides, smoke, dust, or any other form of pollution as such laws are in effect as of the date of this Agreement and with any rules, regulations and order issued by any federal, state or local governmental body, agency or authority thereunder and with any orders or judgments of any courts of competent jurisdiction with respect thereto, and no assessment, notice of (primary or secondary) liability or notice of financial responsibility, or the amount thereof, or to impose civil penalties has been received by the Borrower. Borrower has paid any environmental excise taxes imposed pursuant to Sections 4611, 4661 or 4681 of the Internal Revenue Code of 1986, as from time to time amended.

(m) The Borrower has filed all Federal, State and local tax reports and returns required by any law or regulation to be filed by them, and have either duly paid all taxes, duties and charges indicated due on the basis of such returns and reports, or made adequate provisions for the payment thereof, and the assessment of any material amount of additional taxes in excess of those paid and reported is not reasonably expected.

9. ADDITIONAL COVENANTS OF BORROWER. Borrower covenants and agrees with the County as follows:

(a) Mechanics' Liens. Borrower (i) will allow no work or construction to be commenced on the Premises, or goods specially fabricated for incorporation therein, which has not been fully paid for prior to the recording of the Mortgage and Notice of Commencement or which could constitute a lien on the Premises (ii) will cause a certified copy of the Notice of Commencement to be posted as required by Chapter 713, Florida Statutes, as soon as possible after recording the Notice of Commencement, (iii) shall notify the County of any and all Notices to Borrower as Owner as that term is defined in Chapter 713, Florida Statutes, within five (5) days of receipt thereof, and (iv) will comply with all provisions of the Florida Mechanics' Lien Law, including but not limited to, payment and notice provisions contained therein. Borrower shall indemnify and hold the County harmless from the claims of any mechanics' lien or equitable lien and pay promptly upon demand any loss or losses which the County may incur as a result of the filing of any such lien, including the reasonable cost of defending same and the County's reasonable attorneys' fees in connection therewith.

In addition, Borrower agrees, at its sole cost and expense, to have any mechanics' lien or equitable lien which may be filed against the Premises or undisbursed funds of this Loan released, bonded or insured over within sixty (60) days of the date of filing same, time being of the essence. The County shall be under no obligation to make further disbursements while any such lien remains outstanding against the Premises. If Borrower fails, after demand, to cause said lien or liens to be released, bonded or insured over as aforesaid the County may take such steps as it deems necessary and any funds expended shall be charged to Borrower's Loan Account and shall bear interest as provided by the Loan Documents.

Borrower hereby authorizes the County to demand, on Borrower's behalf, the statement of account referred to in Section 713.16(2) of the Florida Statutes, of any potential lienor filing a Notice to Owner. It is specifically understood and agreed, however, that the County's right to request such statements of account will in no way impose any obligation on the County to use such authority, and the exercise of such authority on one or more occasion shall not create or imply any obligation on such party to exercise such authority on subsequent occasions.

(b) No Transfer of Premises. Except as specifically set forth in the Mortgage or herein, the Premises or any part thereof shall not be sold, leased, conveyed, mortgaged or encumbered in any way without the prior written consent of the County, which consent shall not be unreasonably withheld or delayed, except as provided elsewhere herein or in the Mortgage, it being understood and agreed that part of the consideration for the Loan is the obligation of Borrower. The transfer of a limited partnership interest or the admission of a new partner shall not be deemed to be a sale, transfer or conveyance; however, a transfer of the general partner's interest shall be deemed to be a sale, transfer or

RECORDER'S MEMO: Legibility,
of Writing, Typing or Printing
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conveyance for the purposes of this Agreement.

(c) Compliance with Laws. Borrower will comply promptly with all federal, state and local laws, ordinances and regulations relating to the construction, use, and leasing of the Premises, and will obtain and keep in good standing all necessary licenses, permits and approvals required or desirable for construction and use of the Improvements.

(d) Brokerage Commissions. Borrower will not knowingly engage in any activity or enter into any relationship which will give rise to any loan or brokerage commission with regard to the Loan, and Borrower will indemnify and hold County harmless from the claims of any broker(s) arising by reason of the execution hereof or the consummation of the transactions contemplated hereby.

(e) Financial Statements to be Furnished. Borrower shall furnish to the County:

(i) Upon the County's request, a complete and current financial statement of all assets and liabilities, contingent or otherwise, prepared in accordance with generally accepted accounting principles and verified by affidavit of Borrower and, at the request of the County, certified (in form satisfactory to the County) by an independent certified public accountant acceptable to the County;

(ii) within ninety (90) days after the end of each fiscal year of Borrower, a balance sheet and statements of income, surplus, and cash flow, together with schedules, all compiled and presented by an independent accounting firm in accordance with standard and uniform accounting practices showing the financial condition of Borrower at the close of each year and the results of operations of Borrower during each year;

(iii) with the statements submitted under (ii) above, a certificate signed by the principal financial officer of Borrower to the effect that no Event of Default specified herein, nor any event which upon notice or lapse of time or both, would constitute such an Event of Default, has occurred which has not been cured or otherwise waived in writing by the Lender; and

(iv) promptly, from time to time, such other information regarding the operations, business, affairs and financial condition of Borrower as the County may reasonably request.

(f) Borrower to Maintain Bookkeeping System. Borrower shall, if required by the County, maintain a bookkeeping system to the construction project in form and content sufficient for the County and Inspector to conduct reviews, inspections, certifications and reports required by this Agreement. The County shall have full (but confidential) access, as allowed under the Public Records Law, at any reasonable time to the books, records and contracts pertaining to the Premises and Borrower.

(g) Insurance Proceeds. The Borrower shall keep the Premises continually insured in an amount not less than full insurable value of the Premises, which coverage shall insure the Premises against loss or damage by fire and by the perils covered by extended coverage and against such other hazards as the County, in its sole discretion, shall from time to time require, for the benefit of the County. All such insurance at all times will be in an insurance company or companies in such amounts and with terms acceptable to the County, with loss, if any, payable to the County, as its interest may appear, pursuant to a non-contributory mortgagee

clause which shall be satisfactory to the County; and forthwith upon the issuance of such policies they will deliver to the County copies of receipts for the premiums paid thereon and certificates of insurance and certified copies of such policies. Any policies furnished the County shall become its property in the event the County becomes the owner of the Premises by foreclosure or otherwise. Subject to the provisions of the First Mortgage in favor of the FHFC and Second Mortgage in favor of Palm Beach County should a loss be incurred, equal to or in excess of fifty percent (50%) of the full insurable value of the Premises, then in such event, County and Borrower may jointly elect to use the proceeds for the reconstruction and repair of the Premises or, in the alternative, to apply the net proceeds to the payment of the indebtedness hereby secured, whether then due or not.

(h) Indebtedness. With respect to the Premises encumbered by the Borrower of even date herewith, Borrower will not incur, create, assume or permit to exist any indebtedness constituting the deferred purchase price of any property or assets, or any indebtedness or liability evidenced by notes, bonds, debentures or similar obligations without the written approval of the County, which approval shall not be unreasonably withheld or delayed, except indebtedness owed the County and the aforementioned First and Second Mortgage; provided however, that the First and Second Mortgage shall not exceed the amounts contained in the recitals incorporated in this Loan Agreement.

(i) Further Assurances and Preservation of Security. Borrower will do all acts and execute all documents for the better and more effective carrying out of the intent and purposes of this Loan Agreement, as the County shall reasonably require from time to time, and will do such other acts necessary or desirable to preserve and protect the collateral at any time securing or intending to secure the Note, as the County may reasonably require.

(j) No Assignment. Borrower shall not assign this Loan Agreement or any interest therein and any such assignment is void and of no effect.

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

11. DEFAULT. The following events shall be deemed Events of Default:

(a) Bankruptcy. If there is filed by or against Borrower a petition in bankruptcy or a petition for the appointment of a receiver or trustee of the property of Borrower and any such petition not filed by Borrower is not dismissed within sixty (60) days of the date of filing, or if Borrower files a petition for reorganization under any of the provisions of the Bankruptcy Code or of any assignment for the benefit of creditors or makes any insolvency assignment or is adjusted insolvent by any court of competent jurisdiction; or

(b) Breach of Covenants, Warranties and Representations. If any warranty or representation made by Borrower in this Loan Agreement or in any other Loan Document shall at any time be false or misleading in any material respect, or if Borrower shall fail to keep, observe or perform any of the terms, covenants,

representations or warranties contained in this Loan Agreement, the Note, the Mortgage, the Loan Documents, and any other document given in connection with the Loan or development of the Improvement (provided, that with respect to nonmonetary defaults, the County shall give written notice to Borrower, who shall have thirty (30) days to cure), or is unwilling to meet its obligations thereunder; or

(c) Material Adverse Change of Borrower. If any material adverse change shall occur in the financial condition of Borrower at any time during the term of the Loan from the financial condition revealed in statements already presented to and accepted by the County; or

(d) Borrower shall fail to use all funds under this loan agreement for costs associated with hurricane repairs by June 30, 2006. In the event Borrower fails to use all funds by June 30, 2006, all remaining funds shall revert to the County and the County may reallocate for other projects or purposes.

(e) Borrower shall default under the First or Second Mortgage which is not cured within applicable cure periods.

12. REMEDIES OF LENDER. Upon the happening of an Event of Default, which default is not cured within any applicable cure or grace period, then the County may, at its option, upon written notice to Borrower:

(a) Cancel this Loan Agreement;

(b) Commence an appropriate legal or equitable action to enforce performance of this Loan Agreement;

(c) Accelerate the payment of the Note and any other sums secured by the Mortgage, and commence appropriate legal and equitable action to foreclose the Mortgage and collect all such amounts due the County;

(d) Exercise any other rights or remedies the County may have under the Mortgage or other Loan Documents executed in connection with the Loan or which may be available under applicable law.

(e) Key Investment Fund Limited Partnership XXIII, an Ohio limited partnership, (the "Limited Partner"), shall have the right, but not the obligation, to cure such Event of Default on behalf of the Borrowers. Any cure by the Limited Partner will be deemed a cure by the Borrower.

13. GENERAL TERMS. The following shall be applicable throughout the period of this Agreement or thereafter as provided herein:

(a) Rights of Third Parties. All conditions of the County hereunder are imposed solely and exclusively for the benefit of the County and its successors and assigns, and no other person shall have standing to require satisfaction of such conditions or be entitled to assume that the County will make Disbursements in the absence of strict compliance with any or all thereof, and no other person shall, under any circumstances, be deemed to be a beneficiary of this Loan Agreement or the Loan Documents, any provisions of which may be freely waived in whole or in part by the County at any time if, in its sole discretion, it deems it desirable to do so. In particular, the County makes no representations and assumes no duties or obligations as to third parties concerning the quality of the construction by Borrower of

the Improvements or the absence therefrom of defects.

(b) Borrower is not the County's Agent. Nothing in this Agreement, the Note, the Mortgager or any other Loan Document shall be construed to make the Borrower the County's agent for any purpose whatsoever, or the Borrower and the County partners, or joint or co-venturers, and the relationship of the parties shall, at all times, be that of debtor and creditor.

(c) The County Not Liable for Damage or Loss. All inspections and other services rendered by or on behalf of the County pursuant to this Loan Agreement shall be rendered solely for the protection and benefit of the County. Neither Borrower nor other third persons shall be entitled to claim any loss or damage against the County or against its agents or employees for failure to properly conduct inspections and other such services contemplated by this Loan Agreement.

(d) The County Not Obligated to Insure Proper Disbursement of Funds to Third Parties. Nothing contained in this Agreement, or any Loan documents, shall impose upon the County any obligation to oversee the proper use or application of any disbursements and disbursements of funds made hereunder.

(e) Indemnification from Third Party Claims. Borrower shall indemnify and hold County harmless from any liability, claims or losses resulting from the disbursement of the Loan proceeds to Borrower or from the condition of the Premises, whether related to the quality of construction or otherwise, and whether arising during or after the term of the Loan. This provision shall survive the repayment of the Loan and shall continue in a full force and effect so long as the possibility of such liability, claims, or losses exists.

(f) Rights of Subcontractors, Laborers and Materialmen. In no event shall this Agreement be construed to make the County, Title Company or agent of the County liable to Borrower's Contractor or any subcontractors, laborers, materialmen, craftsmen, or others for labor, materials, or services delivered to the Premises or goods specially fabricated for incorporation therein, or for debts or liens accruing or arising to such persons or parties against Borrower or Borrower's Contractor. It is distinctly understood and agreed that there is no relation of any type whatsoever, contractual or otherwise, whether express or implied, between the County and Borrower's Contractor, any materialman, subcontractor, craftsman, laborer or any other person or entity supplying any labor, materials or services to the Premises or specially fabricating goods to be incorporated therein. Except as otherwise specifically provided herein, no such person or entities are intended to be third party beneficiaries of this Agreement or any document or instrument related to the Loan or to have any claim or claims in or to any undisbursed or retained Loan proceeds.

(g) Evidence of Satisfaction of Conditions. The County shall, at all time, be free independently to establish to its good faith and satisfaction, and in its absolute discretion, the existence or nonexistence of a fact of facts which are disclosed in documents or other evidence required by the terms of this Agreement.

(h) Headings. The headings of the sections, paragraphs and subdivisions of this Agreement are for the convenience of reference only, and shall not limit or otherwise affect any of the terms hereof.

(i) Invalid Provisions to Affect No Others. If performance of any provision hereof or any transaction related hereto is limited by law, then the obligation to be performed shall be reduced accordingly; and if any clause or provision herein contained operates or would prospectively operate to invalidate this Agreement in part, then the invalid part of said clause or provision only shall be held for naught, as though not contained herein, and the remainder of this Agreement shall remain operative and in full force and effect.

(j) Application of Interest to Reduce Principal Sums Due. In the event that any charge, interest or late charge is above the maximum rate provided by law, then any excess amount over the lawful rate shall be applied by the County to reduce the principal sum of the Loan or any other amounts due the County hereunder.

(k) Governing Law. The laws of the State of Florida shall govern the interpretation and enforcement of this Agreement and the venue shall be in Palm Beach County.

(l) Number and Gender. Whenever the singular or plural number, masculine or feminine or neuter gender is used herein, it shall equally include the others and shall apply jointly and severally.

(m) Agreement. This Loan Agreement constitutes the entire understanding and agreement between the parties with respect the subject matter hereof and may not be modified or amended, except in writing and signed by all parties hereto.

(n) Waiver. If the County shall waive any provisions of the Loan Documents, or shall fail to enforce any of the conditions or provisions of this Loan Agreement, such waiver shall not be deemed to be a continuing waiver and shall never be construed as such; and the County shall thereafter have the right to insist upon the enforcement of such conditions or provisions. Furthermore, no provision of this Agreement shall be amended, waived, modified, discharged or terminated, except by instrument in writing signed by the parties hereto.

(o) Notices. All notice from the Borrower to the County and the County to Borrower required or permitted by any provision of this agreement shall be in writing and sent by registered or certified mail and addressed as follows:

TO LENDER: Board of County Commissioners
c/o Palm Beach County Attorney's Office
Suite 601
301 N. Olive Avenue
West Palm Beach, FL 33401

TO BORROWER: Marina Clinton Associates, Ltd.
c/o Clinton Communities, L.L.C.
120 South Dixie Highway, Suite 204
West Palm Beach, Fl 33401
Attn: Shawn Wilson

With a copy to: Clinton Communities, L.L.C.
3225 Aviation Ave., Suite 700
Miami, Fl 33133
Attn: Randy Rieger

And: Key Investment Fund Limited
Partnership XXIII
c/o Key Affordable Housing Corp.
911 Main St., Suite 1500
Kansas City, MO 64105
Attn: Marty O'Connor

Such addresses may be changed by written notice to the other party.

(p) Successors and Assigns. This Agreement shall inure to the benefit of and be binding on the parties hereto and their heirs, legal representatives, successors and assigns; but nothing herein shall authorize the assignment hereof by the Borrower.

(q) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall constitute collectively but one and the same instrument.

(r) Waiver of Jury Trial. BORROWER AND COUNTY WAIVE THEIR RIGHT TO A TRIAL BY JURY IN ANY ACTION, WHETHER ARISING IN CONTRACT OR TORT, BY STATUTE OR OTHERWISE, IN ANY WAY RELATED TO THIS LOAN OR GRANT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE COUNTY'S EXTENDING CREDIT TO BORROWER AND NO WAIVER OF LIMITATION OF THE COUNTY'S RIGHTS UNDER THIS PARAGRAPH SHALL BE EFFECTIVE UNLESS IN WRITING AND MANUALLY SIGNED ON THE COUNTY'S BEHALF.

14. SUBORDINATION. Lender hereby approves a First Mortgage (and any modifications, amendments and refundings thereof with an arms length third party lender) provided that it does not exceed \$11,500,000 and further agrees that the Mortgage securing this Loan shall be automatically and without further action subordinate to the First Mortgage. Lender hereby approves a Second Mortgage in favor of Palm Beach County in the original principal amount of \$291,950.00. The Chair of the Board of County Commissioners of Palm Beach County and the Clerk of the Court for Palm Beach County, are hereby authorized to execute and shall execute subordination agreements required herein without further approval of the Board of County Commissioners of Palm Beach County, Florida, provided such documents are in a form acceptable to the County Attorney. Nothing contained herein shall, however, relieve the Borrower from its obligation to make payments under the Promissory Note in accordance with its terms.

15. NONRECOURSE. ANYTHING CONTAINED HEREIN TO THE CONTRARY NOTWITHSTANDING, IN THE EVENT OF ANY DEFAULT BY THE BORROWER UNDER THE LOAN REFERENCED HEREIN, THE SOLE REMEDY OF THE LENDER SHALL BE TO FORECLOSE AGAINST THE PROPERTY GIVEN AS SECURITY FOR THIS LOAN, AND IN NO EVENT SHALL THE BORROWER HAVE ANY LIABILITY FOR THE PAYMENT OF THE LOAN OR ANY OTHER OBLIGATIONS REFERENCED HEREIN, OR FOR THE PAYMENT OF ANY DEFICIENCY FOLLOWING THE FORECLOSURE AGAINST THE PROPERTY GIVEN AS SECURITY FOR THE LOAN.

16. EFFECTIVE DATE OF AGREEMENT. This Agreement is expressly contingent upon the approval of the Palm Beach County Board of County Commissioners, and shall become effective only when signed by all parties and approved by the Palm Beach County Board of County Commissioners. The Effective Date shall be the date on which this Loan Agreement is executed by the Board of County Commissioners.

IN WITNESS WHEREOF, Borrower and the County have caused this Agreement to be executed on the date first above written.

Signed, sealed and delivered in the presence of:

Sely Reyes
Jan [Signature]

MARINA CLINTON ASSOCIATES, LTD.
By MARINA CLINTON, INC., its General Partner

By: [Signature]
Shawn Wilson
Vice President

R 2005 1345 JUL 12 2005

ATTEST:

PALM BEACH COUNTY, FLORIDA, a political subdivision of the State of Florida
BY ITS BOARD OF COUNTY COMMISSIONERS

SHARON R. BOCK,
CLERK & COMPTROLLER
PALM BEACH COUNTY

BY: [Signature]
Deputy Clerk
PALM BEACH COUNTY
FLORIDA
BOARD OF COUNTY COMMISSIONERS

APPROVED AS TO FORM AND LEGAL SUFFICIENCY

BY: [Signature]
Tony Masiolotti, Chairman

APPROVED AS TO TERMS AND CONDITIONS

BY: [Signature]
County Attorney

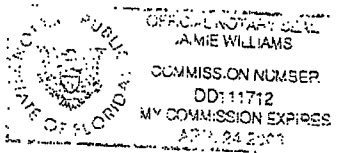
BY: [Signature]
Keturah Joseph, Manager
Commission on Affordable Housing
Department of Housing and
Community Development

STATE OF FLORIDA
PALM BEACH COUNTY

The foregoing instrument was acknowledged before me this 27th day of April, 2005 by Shawn Wilson, Vice President of Marina Clinton, Inc., the General Partner of Marina Clinton Associates, Ltd., who is personally known to me or who has produced _____ as identification and who did/did not take an oath.

[Signature]
(Signature of Notary)

JAINIE WILLIAMS
(Typed, Printed, or Stamped
Name of Notary)



My Commission Expires:
April 24, 2006

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EXHIBIT "A"

LEGAL DESCRIPTION

PARCEL 1:

All lands encompassed by the Plat of OLYMPUS CLUB OF THE PALM BEACHES, according to the Plat thereof, recorded in Plat Book 33, Page 79.

PARCEL 2:

A portion of the Plat of OLYMPUS VILLAGE, P.U.D. OF THE PALM BEACHES, according to the Plat thereof, recorded in Plat Book 33, Page 80; said lands situate, lying and being in Palm Beach County, Florida, and being more particularly described as follows:

Commencing at the Northwest corner of said Plat; thence South 0° 02' 00" West, along the West line of said Plat, a distance of 499.50 feet to the POINT OF BEGINNING; thence continue South 00° 02' 00" West, along the said West line of said Plat, a distance of 335.70 feet; thence South 67° 53' 40" East, a distance of 245.32 feet; thence North 83° 50' 00" East, along the Southerly line of said Plat, a distance of 173 feet; thence North 50° 30' 00" East, a distance of 297 feet; thence North 43° 06' 12" West, a distance of 385.51 feet; thence North 88° 04' 00" West, a distance of 15.55 feet; thence South 46° 53' 48" West, a distance of 90.24 feet; thence North 89° 58' 00" West, a distance of 282.98 feet to the POINT OF BEGINNING.

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EXHIBIT "B"

PROMISSORY NOTE

\$50,000.00

West Palm Beach, Florida
July 26, 2005

FOR VALUE RECEIVED the undersigned MARINA CLINTON ASSOCIATES, LTD., a Florida limited partnership ("Maker"), promises to pay to the order of PALM BEACH COUNTY, a political subdivision of the State of Florida, together with any other holder hereof ("Holder"), at 301 North Olive Avenue, West Palm Beach, Florida 33401, or such other place as Holder may from time to time designate in writing, the principal sum of FIFTY THOUSAND (\$50,000.00) DOLLARS plus accrued interest, to be paid in lawful money of the United States of America, as follows:

- 1) This Note shall bear interest only computed at the stated rate of one (1%) percent per annum on the outstanding principal balance from time to time remaining unpaid from the date of each disbursement.
- 2) Repayment hereunder shall occur as follows:
 - (a) From the date hereof until December 31, 2007 no payments will be required and interest will accrue and be payable at the maturity date.
 - (b) Repayment thereafter shall be limited to the actual cash flow of the Project which shall be determined annually on a calendar year basis, commencing with the year 2007, and certified by an independent Certified Public Accountant reasonably acceptable to the County, prior to the annual payment due date. The first annual payment due date hereunder shall be on April 30, 2008, with respect to all payments due under subparagraph 4) below for the preceding calendar year. Subsequent annual payments shall be due on the 30th day of April for each preceding calendar year thereafter through April 30, 2021 (Maturity Date), at which time all outstanding principal indebtedness together with all accrued and unpaid interest thereon shall be due and payable, unless acceleration is made by Holder pursuant to the provisions hereof.
- 3) Maker agrees to provide annually to Holder a certification of Project income and expenses, and certified by an independent Certified Public Accountant acceptable to the County, which shall be used by Holder to determine payments due hereunder. Said certification shall be provided prior to each annual due date commencing in the year 2007.
- 4) Commencing with the year 2007, payments from Project income as determined by Holder shall be applied to pay the following items in order of priority:
 - a) First Mortgage fees and debt service, and all Project expenses;
 - b) Second Mortgage fees and debt service;

- b) Base interest payment on principal balance hereof equal to one percent (1%) per annum; and
 - c) Any such base payment of interest hereunder deferred from previous years commencing with the year 2007.
- 5) Any payments of current or deferred base interest due annually hereunder shall be deferred until the next annual due date to the extent that Project income is insufficient to make said payments pursuant to the payment priority schedule in paragraph (4) above and as determined by Maker.
 - 6) This Note may be prepaid in whole or in part at any time, without penalty or premium. Any prepayment hereunder shall be applied first to unpaid costs of collection, servicing fees, and late charges, if any, then to accrued, deferred and unpaid interest and the balance, if any, to the principal balance.
 - 7) After maturity or acceleration, this Note shall bear interest at the Default Interest Rate until paid in full.
 - 8) All terms hereunder shall be as construed and defined in Chapter 91-28, Florida Administrative Code.

PALM BEACH COUNTY, A POLITICAL SUBDIVISION OF THE STATE OF FLORIDA IS EXEMPT FROM PAYMENT OF EXCISE TAX ON DOCUMENTS. STAMPS HAVE BEEN AFFIXED TO THE MORTGAGE AND CANCELED AS REQUIRED BY LAW.

This Note is executed pursuant to the terms and conditions of that certain Loan Agreement dated July 12th, 2005 between Maker, as Borrower, and Holder, as Lender, is secured by a Mortgage and Security Agreement (the "Mortgage") encumbering certain real property located in Palm Beach County, Florida (the "Premises"), all of even date herewith. The foregoing and all other agreements, instruments and documents delivered in connection therewith and herewith are collectively referred to as the "Loan Documents."

This Note has been executed and delivered in, and is to be governed by and construed under the laws of, the State of Florida, as amended, except as modified by the laws and regulations of the United States of America.

Nothing herein contained, nor any transaction related thereto, shall be construed or so operate as to require the Maker to pay interest at a greater rate than is now lawful in such case to contract for, or to make any payment, or to do any act contrary to ethical law. Should any interest or other charges paid by the Maker, or parties liable for the payment of this Note, in connection with the Loan Documents result in the computation or earning of interest in excess of the maximum rate of interest that is legally permitted under applicable law, any and all such excess shall be and the same is hereby waived by the Holder, and any and all such excess shall be automatically credited against and in reduction of the balance due under this indebtedness, and a portion of said excess which exceeds the balance due under this indebtedness shall be paid by the Holder to the Maker.

Holder shall have the right to declare the total unpaid balance hereof to be immediately due and payable in advance of the Maturity Date upon the failure of Maker to pay when due any payment of principal or interest or other amount due hereunder; or upon the occurrence of an Event of Default pursuant to any other Loan

Documents now or hereafter evidencing, securing or guarantying payment of this Note. Exercise of this right shall be with five (5) days prior written notice to Maker or to any other person liable for payment hereof.

Any payment hereunder not paid when due (at maturity, upon acceleration or otherwise) shall bear interest at the highest rate allowed by applicable law from the due date until paid.

Provided Holder has not accelerated this Note, Maker shall pay holder a late charge of five percent (5%) of any required payment which is not received by Holder when said payment is due pursuant to the Note. The parties agree that said charge is a fair and reasonable charge for the late payment and shall not be deemed a penalty.

Time is of the essence hereunder. In the event that this Note is collected by law or through attorneys at law, or under advice therefrom, Maker agrees, to pay all costs of collection including reasonable attorneys' fees, whether or not suit is brought, and whether incurred in connection with collection, trial, appeal, bankruptcy or other creditors proceedings or otherwise.

Acceptance of partial payments or payments marked "payment in full" or "in satisfaction" or words to similar effect shall not affect the duty of Maker to pay all obligations due hereunder, and shall not affect the right of Holder to pursue all remedies available to it under any Loan Documents.

The remedies of Holder shall be cumulative and concurrent, and may be pursued singularly, successively or together, at the sole discretion of Holder, including specifically any failure to exercise or forbearance in the exercise of any remedy, shall be deemed to be a waiver or release of the same, such waiver or release to be effected only through a written document executed by Holder and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as continuing or as constituting a case of dealing, nor shall it be construed as a bar to, or as a waiver or release of, any subsequent remedy as to a subsequent event.

Any notice to be given or to be served upon any party hereto in connection with this Note, whether required or otherwise, may be given in any manner permitted under the Loan Documents.

The term "other person liable for payment hereof" shall include any endorser, guarantor, surety or other person now or hereafter primarily or secondarily liable for the payment of this Note, whether by signing this or another loan document.

Whenever the context so requires, the neuter gender includes the feminine and/or masculine, as the case may be, and the singular number includes the plural, and the plural number includes the singular.

Maker and any other person liable for the payment hereof respectively, hereby (a) expressly waive any valuation and appraisal, presentment, notice of dishonor, protest, and diligence in collection; (b) consent that Holder may, from time to time and without notice to any of them or demand, (i) extend, rearrange, renew or postpone any or all payments, (ii) release, exchange, add to or substitute all or any part of the collateral for this Note, and/or (iii) release Maker (or any co-maker) or any other person liable for payment hereof, without in any way modifying, altering, releasing, affecting or limiting their

(c) agree that Holder, in order to enforce payment of this Note against any of them, shall not be required first to institute any suit or to exhaust any of its remedies against Maker (or any co-maker) or against any other person liable for payment hereof or to attempt to realize on any collateral for this Note.

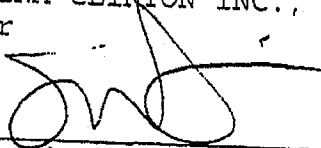
ANYTHING CONTAINED HEREIN TO THE CONTRARY NOTWITHSTANDING, IN THE EVENT OF ANY DEFAULT BY THE BORROWER UNDER THE LOAN REFERENCED HEREIN, THE SOLE REMEDY OF THE HOLDER SHALL BE TO FORECLOSE AGAINST THE PROPERTY GIVEN AS SECURITY FOR THIS LOAN, AND IN NO EVENT SHALL THE BORROWER, OR ANY PARTNER OF THE BORROWER, HAVE ANY LIABILITY FOR THE PAYMENT OF THE LOAN OR ANY OTHER OBLIGATIONS REFERENCED HEREIN, OR FOR THE PAYMENT OF ANY DEFICIENCY FOLLOWING THE FORECLOSURE AGAINST THE PROPERTY GIVEN AS SECURITY FOR THE LOAN.

MAKER AND HOLDER WAIVE THEIR RIGHT TO A TRIAL BY JURY IF ANY ACTION, WHETHER ARISING IN CONTRACT OR TORT, BY STATUTE OR OTHERWISE, IN ANY WAY RELATED TO THIS NOTE. THIS PROVISION IS A MATERIAL INDUCEMENT FOR HOLDER'S EXTENDING CREDIT TO MAKER AND NO WAIVER OR LIMITATION OF HOLDER'S RIGHTS UNDER THIS PARAGRAPH SHALL BE EFFECTIVE UNLESS IN WRITING AND MANUALLY SIGNED ON HOLDER'S BEHALF.

IN WITNESS WHEREOF, Maker has executed this Note on the day and year first above written.

MARINA CLINTON ASSOCIATES., LTD.
By MARINA CLINTON INC., its General
Partner

By: _____


Shawn Wilson
Vice-President

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MARINA CLINTON ASSOCIATES., LTD.
By MARINA CLINTON INC., its General
Partner

By: 

Shawn Wilson
Vice-President

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