

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND

1999 Legislative Session

Resolution No. CR-31-1999

Proposed by The Chairman (by request - County Executive)

Introduced by Council Member Shapiro

Co-Sponsors _____

Date of Introduction June 22, 1999

RESOLUTION

1 A RESOLUTION concerning

2 University Landing at Langley Apartments

3 For the purposes of approving the terms and conditions of a Negotiated Payment in Lieu of
4 Taxes Agreement by and between Prince George's County (the "County") and University
5 Associates Limited Partnership, a Maryland limited partnership (the "Owner"), Stavrou
6 Associates, Inc., General Partner; and approving the issuance and sale by the Housing Authority
7 of Prince George's County (the "Housing Authority") of revenue bonds or notes in connection
8 with the acquisition and redevelopment of the University Landing at Langley Apartments
9 project.

10 WHEREAS, there is a significant need for quality housing units in Prince George's County
11 for persons with limited income; and

12 WHEREAS, the Owner desires to purchase and rehabilitate a rental housing project of 117
13 units located on a site currently known as 1001-1009 Merrimac Drive, 8104 -8112 Tahona Drive
14 and 1020-1028 University Boulevard, within Langley Park, Prince George's County, Maryland
15 (the "Project") as detailed in the Project Information Sheet attached hereto as Attachment A; and

16 WHEREAS, pursuant to Sections 4-101 and 4-102 of Article 44A of the Annotated Code of
17 Maryland, as amended, upon approval of the county governing body, the Housing Authority has
18 the authority to make construction loans and long-term mortgage loans to produce housing; and

19 WHEREAS, pursuant to Sections 4-101 and 4-102 of Article 44A of the Annotated Code of
20 Maryland, as amended, upon approval of the county governing body, the Housing Authority has
21 the authority to issue and sell bonds to finance housing and housing rehabilitation as it may
22 determine necessary; and

1 WHEREAS, pursuant to Section 1-501 of Article 44A of the Annotated Code of Maryland,
 2 as amended, the Housing Authority has the power to issue bonds from time to time, in its
 3 discretion, for any of its corporate purposes, and has the power to issue refunding bonds for the
 4 purpose of paying or retiring any bonds previously issued by it; and

5 WHEREAS, the Owner has requested assistance in the acquisition, financing and
 6 rehabilitation of the Project and specifically that the Housing Authority issue bonds, and that the
 7 County enter into a Negotiated Payment in Lieu of Taxes Agreement for the deferral of County
 8 real property taxes; and

9 WHEREAS, the Housing Authority concluded that it was in the best interests of the County
 10 residents living in the Project and of the County's Housing Development Program generally to
 11 assist the Owner in promoting the long-term economic viability of the Project in order to assure
 12 decent, safe, and sanitary housing for County residents; and expressed its intent, subject to the
 13 approval of the County Council, to issue and sell one or more series of bonds (the "Bonds"), a
 14 portion of the proceeds of the Bonds to be used to provide funds for the acquisition and
 15 rehabilitation of the Project and a portion of the proceeds of the Bonds to be used to pay certain
 16 bond issuance costs; and

17 WHEREAS, to evidence the foregoing conclusion the Housing Authority expanded the
 18 Housing Development Program of Prince George's County to include the Project through
 19 Resolution No. LHA-1067, dated April 26, 1999 (attached hereto as "Attachment B"); and

20 WHEREAS, the Owner and the Housing Authority are requesting that the County Council
 21 authorize the Owner to make negotiated payments in lieu of County real property taxes pursuant
 22 to Section 7-506.1 of the Tax-Property Article of the Annotated Code of Maryland, as amended;
 23 and

24 WHEREAS, Section 7-506.1 of the Tax-Property Article of the Annotated Code of
 25 Maryland, as amended, provides, among other things, that real property may be exempt from
 26 County property taxes if:

- 27 (1) The real property is owned by a person engaged in constructing or operating housing
 28 structures or projects;
- 29 (2) The real property is used for a housing structure or project that is constructed under a
 30 Federal, State or local government program that funds construction, or insures its financing
 31 in whole or in part;

- 1 (3) The owner and the governing body of the County where the real property is located agree
 2 that the owner shall pay a negotiated amount in lieu of the applicable County property tax;
 3 and
 4 (4) The owner of the real property enters into an agreement with the governing body of the
 5 County to allow the entire property or the portion of the property which was maintained for
 6 lower income persons to remain as housing for lower income persons for a term of at least 5
 7 years; and

8 WHEREAS, the Owner has demonstrated to the County that the deferral of County
 9 property taxes is necessary to make the Project economically feasible; and

10 WHEREAS, in order to induce the Owner to renovate this project, it is in the interest of the
 11 County to enter into the Negotiated Payment in Lieu of Taxes Agreement (the "Agreement")
 12 attached hereto as "Attachment C" and made a part hereof;

13 SECTION 1. NOW, THEREFORE, BE IT RESOLVED by the County Council of Prince
 14 George's County, Maryland, that the issuance and sale by the Housing Authority of one or more
 15 series of revenue Bonds in such aggregate principal amounts as shall be determined by the
 16 Chairman and the Executive Director of the Authority, upon the advice of the Authority's
 17 Financial Advisor, to be sufficient to accomplish the purposes hereof, provided that Bonds shall
 18 not be issued in an aggregate principal amount exceeding \$6,900,000, subject to any other
 19 conditions or requirements imposed by the County Executive in order to assure decent, safe, and
 20 sanitary housing for County residents, be and the same is hereby approved.

21 SECTION 2. BE IT FURTHER RESOLVED that in accordance with Section 7-506.1 of
 22 the Tax-Property Article of the Annotated Code of Maryland, the County shall enter into the
 23 Negotiated Payment in Lieu of Taxes Agreement for the Project in substantially the form
 24 attached hereto.

25 SECTION 3. BE IT FURTHER RESOLVED that the County Executive, or designee of the
 26 County Executive, is hereby authorized to execute and deliver the Agreement in the name or on
 27 behalf of the County in substantially the form attached hereto.

28 SECTION 4. BE IT FURTHER RESOLVED that the County Executive, prior to execution
 29 and delivery of the Agreement, may make such changes or modifications of the Agreement as
 30 deemed appropriate by the County Executive or as required by the U.S. Department of Housing
 31 and Urban Development in order to accomplish the purpose of the transactions authorized by this

1 Resolution; and the execution of the Agreement by the County Executive, or designee of the
2 County Executive, shall be conclusive as evidence of the approval of the County Executive of all
3 changes or modifications to the Agreement; and the Agreement shall thereupon become binding
4 upon the County in accordance with its terms.

5 Adopted this 13th day of July, 1999.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
M. H. Jim Estepp
Chairman

ATTEST:

Joyce T. Sweeney
Clerk of the Council

ATTACHMENT A
PROJECT INFORMATION SHEET
UNIVERSITY LANDING AT LANGLEY
1001 – 1009 Merrimac Drive
8104 – 8112 Tahona Drive
1020- 1028 University Boulevard
LANGLEY PARK, MARYLAND 20903

COUNCILMANIC DISTRICT 2

OWNER:	University Associates Limited Partnership, a Maryland limited partnership. Stavrou Associates, Inc., is the general partner. They have developed over 1,000 residential units in Maryland.	
COMPETION DATE:	December, 2000	
PROPERTY DESCRIPTION:	University Landing at Langley will be located at 1001 – 1009 Merrimac Drive, 8104 – 8112 Tahona Drive, 1020 – 1028 University Boulevard, Langley Park, Maryland. It will be 3-story buildings with 27 one-bedroom units, 90 two-bedroom units and 0 three-bedroom units. All of the units will be occupied by persons whose income does not exceed 60 percent of the Washington Area median.	
DEVELOPER:	University Associates Limited Partnership. N. Stephen Stavrou, President of Stavrou Associates, Inc., its general partner, (301) 470-2762.	
FINANCING AND LOCAL CONTRIBUTION:	Sources and amounts of financing are:	
	Housing Authority Tax Exempt Bonds	\$6,539,800
	Tax Credit Syndication	2,926,426
	HOME Funds	925,000
	CDA Lead Abatement Grant	200,000
	Deferred Developer's Fee	<u>257,595</u>
	Total Development Cost	
	The maximum amount of County property tax to be deferred in any given tax year under the PILOT agreement, after the rehabilitation is complete, is estimated to be	

\$54,900.

Estimated value of revitalization tax credit is \$35,210, over 3 years.

NEIGHBORHOOD/LOCALITY: The immediate neighborhood is a mixture of duplex dwellings, garden apartments and retail shopping facilities. Adjacent to the property at the intersection of New Hampshire Avenue and University Boulevard, are two large shopping centers. Public transportation is available on New Hampshire Avenue and schools and churches are conveniently located nearby to serve the area.

PARKING SPACES: 80 surface spaces plus 0 handicapped surface spaces.

PROMECT AMENITIES:

RENTAL STRUCTURE:

<u>Bedrooms</u>	<u>Number of Units</u>	<u>Present Monthly Rent (Before Rehab)</u>	<u>Proposed Monthly Rent (After Rehab) Existing Tenants</u>	<u>New Tenants</u>
1	22	*\$560 (inc. util.)	\$560 (plus util.)	\$590 (plus util.)
1	5	*\$560	\$560 (plus util.)	\$565 (plus util.)
2	73	*\$665	\$665 (plus util.)	\$680 (plus util.)
2	17	*\$665	\$665 (plus util.)	\$655 (plus util.)

*asking street rents, some tenants are currently paying less than those rents

ATTACHMENT B

Resolution No. 31-1999

Meeting 4/26, 1999

HOUSING AUTHORITY OF PRINCE GEORGE'S COUNTY
RESOLUTION No. LHA – 1067

A Resolution concerning the University Landing at Langley Apartments

WHEREAS, the Housing Authority of Prince George's County (the "Authority"), acting by and through its Board, is a Housing Authority created by the laws of the State of Maryland and has designated as one of its primary functions affordable housing development assistance in Prince George's County, Maryland (the "County"); and

Section 4-102 of Article 44A of the Annotated Code of Maryland, as amended (1998 Replacement Volume), permits the Authority to exercise certain powers to make construction loans and long-term mortgage loans to produce housing, and to issue and sell bonds and/or notes of the Authority to finance housing and housing rehabilitation in the County upon approval of the governing body of the County; and

WHEREAS, the Authority has additional authority under Section 4-102 of Article 44A of the Annotated Code of Maryland, as amended (1998 Replacement Volume), which permits the Authority to issue bonds from time to time in its discretion for any of its corporate purposes; and

WHEREAS, the Authority has approved the Authority's 1981 – 1982 Housing Development Program dated June 30, 1981, and has approved subsequent revisions to said program by approval of inducement resolutions for various projects; and

WHEREAS, the Authority, in carrying out its functions of housing d development, believes that it is in the best interest of the County that the Authority expand the 1981 —1982 Housing Development Program to include the University Landing at Langley Apartments, located at 1001 – 1009 Merrimac Drive, 8104 – 8112 Tahona Drive and 1020 – 1028 University Boulevard,

Langley Park, Prince George's County, a 117-unit garden apartment housing complex (the "Project"); and

WHEREAS, University Associates Limited Partnership (the "Owner"), of which Stavrou Associates, Inc. will be the general partner, is seeking financing for its acquisition and rehabilitation of the Project through the issuance and sale of such bonds of the Authority. The initial manager of the Project will be Stavrou Associates, Inc.;

NOW, THEREFORE, BE IT RESOLVED by the Authority that:

1. The Project is included in the 1981 – 1982 Housing Development Program.
2. In carrying out its function of housing development, the Authority hereby expresses its present intent to issue and sell bonds of the Authority in an aggregate principal amount not to exceed \$6,900,000 to finance the Owner's acquisition and rehabilitation of the Project.
3. Subject to approval of the issue of bonds by the County Council of the County, Executive Director and/or his designated representatives are authorized to enter into agreements and to take such actions as the Executive Director deems appropriate to facilitate the issuance and sale of the bonds authorized herein.
4. This Resolution shall be effective from the date of its adoption.

Adopted this April 26,, 1999.

(Seal)

HOUSING AUTHORITY OF
PRINCE GEORGE'S COUNTY

Attest:

Signed
Jalal Greene
Secretary

Signed
William M. Shipp
Chairman

Approved for legal sufficiency:

Signed
Frederick Stichnoth
Meyers, Billingsley, Rodbell & Rosenbaum, P.A.
Bond Counsel

[University Landing at Langley Inducement Resolution]

ATTACHMENT #C

NEGOTIATED PAYMENT IN LIEU OF TAXES AGREEMENT

THIS NEGOTIATED PAYMENT IN LIEU OF TAXES AGREEMENT, made this _____ day of _____, 1999 (the "Agreement"), by and between UNIVERSITY ASSOCIATES LIMITED PARTNERSHIP, a limited partnership of the State of Maryland, together with its successors and assigns as hereinafter provided (the "Owner"), and PRINCE GEORGE'S COUNTY, MARYLAND, a body corporate and politic and political subdivision of the State of Maryland (the "County"), WITNESSETH:

WHEREAS, the Owner is a Maryland limited partnership which has or will acquire a parcel of land and existing apartment buildings thereon located in Langley Park, Prince George's County, Maryland, more particularly described on Exhibit A attached hereto and by reference made a part hereof (the "Property"), and rehabilitate said apartment buildings for continued use as an apartment project containing 117 apartment units and related facilities to provide housing for low to moderate income residents (the "Project"); and

WHEREAS, the Owner will operate the Project for rental housing pursuant to regulatory agreements between the Owner and the U.S. Department of Housing and Urban Development ("HUD"), [the Owner and the State of Maryland Department of Housing and Community Development,] the Owner and the County and the Owner and the Housing Authority of Prince George's County (the "Housing Authority"), respectively (the "Regulatory Agreements"), executed in connection with the financing of the Project; and

WHEREAS, Section 7-506.1 of the Tax-Property Article of the Annotated Code of Maryland as amended provides, among other things, that real property may be exempt from county property tax if (i) the real property is owned by a person engaged in constructing or operating housing structures or projects (which may include nondwelling commercial and community facilities, community rooms, dining halls, and infirmaries to serve its occupants and the surrounding neighborhood); and (ii) the real property is used for a housing structure or project that is constructed under a federal, state or local government program that funds construction, or insures its financing in whole or in part; and (iii) the owner thereof enters into an agreement with the governing body of the county where the real property is located for the payment of a negotiated sum or sums in lieu of County property taxes on said real property; and (iv) the owner of the real property enters into an agreement with said governing body of the county to allow the entire property or the portion of the property which was maintained for lower income persons to remain as housing for lower income persons for a term of at least five years; and

WHEREAS, the Owner hereby represents that the Project will qualify in all respects, under the provisions of said Section 7-506.1, supra, for such an agreement for negotiated payments in lieu of ordinary County real estate taxes upon the Project; and

WHEREAS, pursuant to Resolution No. CR__-1999 adopted on _____, 1999, the County Council of Prince George's County, Maryland, approved an agreement substantially in the form hereof for payments in lieu of taxes for the Project, and authorized the County Executive to enter into such an agreement, a copy of which Resolution is attached hereto as Exhibit B and by reference made a part hereof; and

WHEREAS, the County agrees to enter into this Agreement for payment of a negotiated sum of sums in lieu of County real property taxes provided that the Owner conducts its operations in accordance with the criteria and controls set forth in said Section 7-506.1, supra; and

WHEREAS, the Owner and the County, pursuant to the power and authority of said Section 7-506.1, supra, have agreed upon a formula to determine the sum payable by the Owner to the County in lieu of County real property taxes upon the Project.

NOW, THEREFORE, in consideration of the mutual covenants, terms and agreements hereof and pursuant to the power and authority of said Section 7-506.1, supra, it is agreed as follows:

(1) This Agreement shall become effective as of the date of the initial closing of the First Mortgage, as hereinafter defined (the "Effective Date"), and shall remain effective until the Deferred Amounts and the interest and penalties accrued thereon, as hereinafter provided, shall have been paid in full or HUD elects to accept a deed in lieu of foreclosure from the Owner as a result of a default in the First Mortgage. The payments to be made by the Owner to the County, provided for herein with respect to the Project shall be in lieu of County real property taxes under the Tax-Property Article of the Annotated Code of Maryland, as amended, and the Prince George's County Code, as amended.

(2) The intention of this Agreement is that the Owner's payment in lieu of taxes shall at no time exceed the amount of County real property tax otherwise payable based on the assessment of County real property taxes on the improvements. This Agreement shall not waive the payment of other County taxes, assessments and fees, including but not limited to sanitation

taxes, County solid waste service charges, or other taxes assessed by entities or jurisdictions other than the County, including but not limited to State of Maryland taxes, municipal taxes, the Washington Suburban Sanitary Commission, Washington Suburban Transit Commission and The Maryland-National Capital Park and Planning Commission.

(3) The Property and, when developed, the Project shall be exempt from County real property taxes for the period beginning upon the Effective Date and ending on the earlier of that January 1 immediately following the twenty-fifth (25th) complete calendar year which follows the date of Substantial Completion, as hereinafter defined (the “Conversion Date”) and the date on which HUD no longer shall be either the insurer or the holder of the First Mortgage (the “HUD Release Date”).

(4) (a) For the period from the Effective Date through the first December 31st following the date of Substantial Completion, as hereinafter defined, no County property tax shall be due or payable with respect to the Project; however, if Substantial Completion occurs in the first six months of a calendar year, the Owner shall make the payments provided for in subparagraph (4)(b) for such calendar year, prorated based on the number of months, including partial months, between Substantial Completion and the end of the calendar year. “Substantial Completion” shall be the date upon which the Federal Housing Administration, an organizational unit within HUD, or its successors and assigns (“FHA”), executes the final endorsement of the First Mortgage for mortgage insurance following completion of the Project.

(b) For the period from the first January 1st following Substantial Completion (or the earlier date from which prorated payments begin to accrue pursuant to subparagraph 4(a) and continuing to, but not including, the first to occur of the Conversion Date and the HUD Release

Date, the Owner shall make annual payments for each calendar year equal to the aggregate real property taxes which would have been due on account of the assessed value of the Project (the “Normal Annual Tax”); decreased by the amount by which the Normal Annual Tax exceeds Surplus Cash, as defined in the Regulatory Agreement with HUD (after payment of management fees not in excess of the least of (I) reasonable management fees, (ii) management fees with respect to similar properties from time to time generally prevailing in the County, and (iii) management fees as projected by pro forma cash flow projections prepared by the Owner and approved by the County as of the Effective Date; debt service on the County Mortgage and Required Reserves; but prior to any “distribution” (as defined in the Regulatory Agreement with HUD) to the Owner) (“Surplus Cash”)), provided such decrease shall not exceed one hundred percent of Normal Annual Tax (the “Deferred Amount”); plus any prior years’ Deferred Amounts to the extent of one hundred percent of remaining Surplus Cash; plus interest on the Deferred Amounts from the respective dates on which the Deferred Amounts became due and payable accrued through the end of such calendar at the rate of two percent (2%) per annum to the extent of one hundred percent of remaining Surplus Cash. Each annual payment shall be due and payable on (and interest on each Deferred Amount shall accrue from) the March 31st following the end of the calendar year for which such payments are due, up to but not including the Conversion Date.

“First Mortgage” shall mean the loan or loans which is provided to the Owner from a mortgage lender for a portion of its Project financing, funded in part by the Housing Authority’s Mortgage Revenue Bonds, Series 1999 (GNMA Collateralized-University Landing at Langley Apartments Project), and secured by a first mortgage(s) or deed(s) of trust on the Property.

“County Mortgage” shall mean the loan provided to the Owner by the County. “Required Reserves” shall mean any replacement reserve, operating reserve or similar reserve required under the terms of any loan document relating to the Project financing.

(c) On and after the first to occur of the Conversion Date and the HUD Release Date, the Property shall no longer be exempt from County real property taxes and the Owner shall commence paying the Normal Annual Tax. In addition, following the Conversion Date, the Owner shall make one or more additional annual payments each on the date on which County real property taxes are due and in an aggregate amount equal to the aggregate Deferred Amount outstanding on the Conversion Date plus the aggregate interest accrued hereunder up to but not including the Conversion Date, the unpaid balance of said sum bearing interest from the Conversion Date to, but not including, the respective dates of payment at the rate of two percent (2%) per annum, payable on each such date to the full extent of Surplus Cash as of the Owner’s last preceding fiscal year end. The Deferred Amount, together with interest and any penalty accrued to, but not including, the date of payment, may be prepaid at any time in whole, and in part only to the extent of funds required to be applied thereto in connection with any refinancing, as provided by subparagraph (d) hereof. All payments shall be applied first to pay penalties and second to pay interest, each accrued on and after the Conversion Date, and third to pay said unpaid balance as of the Conversion Date.

(d) If the First Mortgage shall be refinanced and the County, in its sole discretion, either shall extend the term of this Agreement –without requiring immediate payment as required by subparagraph (e), or shall enter another payment in lieu of taxes agreement with respect to the Property and Project, then all funds made available therefor through said refinancing and not

required by HUD, the State of Maryland Department of Housing and Community Development or the County to be otherwise applied shall be applied to pay first, the Normal Annual Tax then due, and second, the Deferred Amount and accrued interest and penalties thereon.

(e) All Deferred Amounts, plus interest and penalties accrued to but not including the date of payment, shall become immediately due and payable (without restriction to Surplus Cash) upon the HUD Release Date.

(f) The Property and Project may be conveyed by the Owner during the term of this Agreement only if either (i) all then due Normal Annual Tax and all Deferred Amounts, together with interest and penalties accrued to the date of payment shall have been paid in full and the Owner in writing delivered to the County shall have terminated the Owner's rights under this Agreement; or (ii) the County in its sole discretion has first approved such conveyance in writing and the successor-Owner assumes this Agreement in writing executed and approved by the County; provided, however, that to the extent of any conflict between this provision and the Regulatory Agreement with HUD and any HUD rules or guidelines applicable to the First Mortgage and HUD's insurance thereof, said Regulatory Agreement, rules and guidelines shall prevail.

(g) From the occurrence of any of the following events and for so long as such occurrence shall continue, all interest shall accrue at the rate of twelve percent (12%) (instead of two percent) per annum:

- i. The Project shall cease to be owned by the Owner (including any successor hereby permitted);

- ii. The Project shall cease to be used in accordance with each Regulatory Agreement;
- iii. The Owner or the Project shall cease to comply with the conditions of Section 7-506.1 of the Tax-Property Article of the Annotated Code of Maryland, as amended;
- iv. The Owner shall fail to provide the complete audited operating financial report as required by paragraph (6) hereof, which failure shall continue for 30 days following the Owner's receipt from the County of notice of such failure; and
- v. The Owner shall fail to make any payment hereby required as and when due.

(5) (a) All payments under this Agreement (except interest on Deferred Amounts as provided in paragraphs 4(b) and (c) shall be subject to the same interest rate and penalty (currently eight percent 8%) and twelve percent (12%) per annum, respectively, but subject to amendment of the State and/or County Codes), collection, and tax sale provisions of the Prince George's County Code generally applicable to the collection of County property taxes, except as otherwise expressly set forth in this Agreement. Payments of the Normal Annual Tax and the additional payments provided by paragraph 4(c) shall be delinquent as the Prince George's County Code provides with respect to County property taxes generally.

(b) If the Owner has not paid any amount due under this Agreement prior to the date on which unpaid County property taxes generally become delinquent (currently October 1, but subject to amendment of the State and/or County Codes), but subject to the provisions of paragraph 5(c) hereof, the County may, at its option, with notice to the then current owner of the Property and to the holders to all mortgages or deeds of trust, exercise any and all of its rights

under law with respect to the enforcement of collection (including by tax sale) of amounts then due.

(c) For so long as HUD is the insurer or holder of the First Mortgage, Deferred Amounts and the interest thereon shall be payable only from Surplus Cash. [The restriction on payment imposed by this paragraph shall not excuse any default caused by the failure of the Owner to pay the indebtedness evidenced by a Surplus Cash Note (HUD Form 2223), which shall be executed by the Owner and delivered to the County as each year's Deferred Amount is determined.]

Anything herein to the contrary notwithstanding, the term of the Surplus Cash Notes evidencing the Deferred Amounts, and the payments due thereon, shall be extended by the County if:

- (i) the Surplus Cash then available shall be insufficient to pay the payments then due, and HUD continues to insure or hold the First Mortgage (which has not been retired in full); or
- (ii) HUD grants a deferment of amortization or forbearance that results in an extended maturity of the First Mortgage.

The Deferred Amounts shall not-be, nor become, an obligation running with the Property in the event that HUD elects to accept a deed in lieu of foreclosure from the Owner as a result of a default in the First Mortgage.

(6) Within ninety (90) days after each of the date of Substantial Completion and each December 31st thereafter the Owner shall submit to the Prince George's County Office of Finance and Department of Housing and Community Development a complete audited operating financial report, in such detail as may be required by the Prince George's County Office of

Finance to administer this Agreement. Said financial settlement shall be based on an examination of the books and records, prepared in accordance with generally accepted accounting principles, and shall be certified and audited by a Certified Public Accountant registered to practice in the State of Maryland or with the registration authority of any other State. If the Owner has not submitted said financial statement within the time specified above, the County may, at its option, declare a default by giving notice as provided in subparagraph (5)(b) and (if the Owner has failed to cure such default within 30 days from receipt of such notice) pursue remedies, all as set forth in subparagraph (5)(b) of this Agreement.

(7) The Owner shall comply with its covenants regarding the maintenance of its housing for low to moderate income persons set forth by the Regulatory Agreements.

(8) This Agreement shall be an obligation running with the Property; provided that the Deferred Amounts shall not be, nor become, an obligation running with the Property in the event that HUD elects to accept a deed in lieu of foreclosure from the Owner as a result of a default in the First Mortgage.

(9) Any document or agreement referenced hereinabove, or amendments thereto, shall be provided, with appropriate recording reference, by the Owner when executed and shall be attached to this Agreement by a subsequent addendum identifying such documents and agreements for purposes of this Agreement.

(10) This Agreement may not be assigned without the County's prior written consent.

IN WITNESS WHEREOF, UNIVERSITY ASSOCIATES LIMITED PARTNERSHIP, a Maryland limited partnership, has caused this Agreement to be signed in its name by its general partner, and PRINCE GEORGE’S COUNTY has caused its name to be signed by the County Executive, or his designee representative, and its corporate seal to be affixed, duly attested on this Agreement, on the day and year first hereinabove written.

ATTEST:

UNIVERSITY ASSOCIATES
LIMITED PARTNERSHIP

By: Stavrou Associates, Inc.
General Partner

By: _____
N. Stephen Stavrou, President

ATTEST:

PRINCE GEORGE’S COUNTY, MARYLAND

By: _____
P. Michael Errico
Deputy Chief Administrative Officer

REVIEWED AS TO FORM AND LEGAL SUFFICIENCY
AND READY FOR SIGNATURE

Deputy County Attorney

STATE OF MARYLAND, PRINCE GEORGE’S COUNTY, TO WIT:

I HEREBY CERTIFY that on this _____ day of _____, 1999 before me, the
Subscriber, a Notary Public of the State of Maryland in and for the County aforesaid, personally
appeared N. Stephen Stavrou, who acknowledged that he is the President of Stavrou Associates,
Inc. a Maryland corporation, as the general partner of UNIVERSITY ASSOCIATES LIMITED
PARTNERSHIP, a Maryland limited partnership and stated that as an officer being authorized to
do so, he executed the foregoing instrument for the purpose herein contained.

AS WITNESS my hand and Notarail Seal.

Notary Public
My Commission Expires: _____

I HEREBY CERTIFY that on this _____ day of _____, 1999 before me, the Subscriber, a Notary Public of the State of Maryland in and for the County aforesaid, personally appeared P. Michael Errico, Deputy Chief Administrative Officer and (s)he acknowledged that (s)he is authorized to sign on behalf of the County Executive of Prince George's County, Maryland and is authorized to enter into this agreement.

AS WITNESS my hand and Notarial Seal.

Notary Public
My Commission Expires: _____

This Negotiated Payment in Lieu of Taxes Agreement was prepared by Frederick Stichnoth, an attorney licensed to practice in the State of Maryland.

Frederick Stichnoth
MEYERS, BILLINGSLEY, RODBELL
& ROSENBAUM