

NEGOTIATED PAYMENTS IN LIEU OF TAXES AGREEMENT
BETWEEN
WOODLANDS AT REID TEMPLE LP
AND
PRINCE GEORGE’S COUNTY, MARYLAND

THIS NEGOTIATED PAYMENTS IN LIEU OF TAXES (“**PILOT**”) AGREEMENT (“**Agreement**”) is made as of the ____ day of _____, 2019 (the “**Effective Date**”), by and between **WOODLANDS AT REID TEMPLE, LP**, a limited partnership organized under the laws of the State of Maryland (“**Owner**”), and **PRINCE GEORGE’S COUNTY, MARYLAND**, a body corporate and politic (“**County**”).

WHEREAS, the Owner, proposes to acquire a certain parcel of undeveloped property located on 10.77 acres of land with the street address of 11609 Facchina Place, City of Glenn Dale, Prince George’s County, Maryland, 20769, as more particularly identified by parcel account numbers 14-1627298 and 14-1640366 by the Maryland Department of Assessments and Taxation, and as more particularly described in Exhibit A that is attached hereto and herein incorporated by reference (“**Property**”), and proposes to newly construct on the Property two-hundred fifty-two (252) senior residential apartment units and related facilities (“**Improvements**”) which will be dedicated to providing housing for low to moderate income senior citizens (Property and Improvements collectively referred to as the “**Project**”); and

WHEREAS, the acquisition of the Property and construction and equipping of the Project will be financed in part through (i) the proceeds of tax-exempt bonds issued by the Community Development Administration (“**CDA**”), a unit of the Division of Development Finance of the Department of Housing and Community Development of the State of Maryland; (ii) the investment of investor member equity provided in connection with 4% Low-Income Housing Tax Credits (“**LIHTC**”) awarded by the CDA; (iii) deferred payment of the developer’s fee; (iv) a ground lessor loan taken back by Reid Temple African Methodist Church (the “**Lessor Loan**”); (v) a HUD Working Capital Reserve; (vi) a loan by CDA under its Rental Housing Works program (“**RHW Loan**”); (vii) a loan from the County under its HOME Investment Partnership Program (“**HOME Loan**”), which, with the First Loan, HOME Loan, and RHW Loan shall collectively referred to herein as the “**Loans**; and

WHEREAS, the Owner will operate the Project for rental housing in accordance with certain regulatory agreements and restrictive covenant agreements and declarations between the Owner and certain parties in connection with the Owner’s financing of the Project, including (i) one or more regulatory agreements between the Owner and CDA, as the same may be amended and/or restated from time to time (collectively, the “**State Regulatory Agreement**”); (ii) a LIHTC Covenant between the Owner and the CDA, as the same may be amended and/or restated from time to time (“**LIHTC Covenant**”); and (iii) a

HOME Regulatory Agreement Declaration of Covenants and Deed of Trust between the Owner and the County, as the same may be amended and/or restated from time to time (the “**County HOME Loan Agreement**”) (the State Regulatory Agreement, LIHTC Covenant, and the County HOME Loan Agreement are collectively referred to herein as the “**Regulatory Agreements**”); and

WHEREAS, Section 7-506.1 of the Tax-Property Article of the Annotated Code of Maryland (2012 Replacement Volume, as amended) (“Section 7-506.1”), provides, among other things, except in Baltimore City, that real property may be exempt from county and municipal corporation property tax if the following apply: (a)(2)(i) the real property is owned by a person engaged in constructing or operating housing structures or projects; (which may include non-dwelling commercial and community facilities, community rooms, dining halls, infirmaries, child and adult day care facilities, and drug rehabilitation facilities to serve its occupants and the surrounding neighborhood, each a “**Service Facility**”); (a)(2)(ii) the real property is used for a housing structure or project that is constructed or substantially rehabilitated under a federal, State or local government program that: (a)(2)(ii)(1) funds construction or insures its financing in whole or in part; or (a)(2)(ii)(2) provides interest subsidy, rent subsidy, or rent supplements; (a)(2)(iii) the owner and the governing body of the county and, where applicable, the municipal corporation where the real property is located agree that the owner shall pay a negotiated amount in lieu of the applicable county or municipal corporation property tax; (a)(2)(iv) the owner of the real property (a)(2)(iv)(1)(A) agrees to continue to maintain the real property as rental housing for lower income persons under the requirements of the governmental programs described in (a)(2)(ii) of this paragraph and (a)(2)(iv)(1)(B) agrees to renew any annual contributions contract or other agreement for rental subsidy or supplement, OR (a)(2)(iv)(2) enters into an agreement with the governing body of the county or municipal corporation 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 (5) years; and

WHEREAS, the Owner hereby represents that, as of the date hereof, pursuant to the Owner’s borrowing of the Loans and execution and delivery of the Regulatory Agreements, the Project qualifies under the provisions of said Section 7-506.1, supra, for an agreement for negotiated payments in lieu of the payment of Prince George’s County real property taxes for the Project; and

WHEREAS, the County agrees to enter into this Agreement for payments in lieu of taxes provided that the Owner conducts and operates the Project in accordance with the criteria and controls set forth in said Section 7-506.1, supra, and as governed by all applicable federal, state, and local laws; and

WHEREAS, pursuant to Resolution No. CR-_____, adopted on _____, the County Council of Prince George’s County, Maryland, approved an agreement for negotiated payments in lieu of taxes for the Property and the Project and authorized the County to enter into this Agreement; and

WHEREAS, pursuant to Section 7-506.1, supra, the Prince George's County Department of Housing and Community Development (“**DHCD**”) analyzed and determined the amount payable by the Owner to the County in lieu of the payments of Prince George's County real property taxes for the Property and Project.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

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 on the Effective Date and the obligation to pay negotiated payments in lieu of taxes shall commence as of the Substantial Completion of the Project (as defined below in paragraph 3) and shall remain effective until the Termination Date (as defined below in paragraph 4). The payments to be made by the Owner to the County, provided for herein with respect to the Project, shall be in lieu of the payments of Prince George's County taxes on real property under the Tax-Property Article of the Annotated Code of Maryland (2012 Replacement Volume, as amended, or any successor). Such payments shall be made by the Owner in accordance with this Agreement and shall be accepted by the County only as long as: (i) the Project shall be owned and used for the provision of rental housing and related Service Facility, including parking facilities pursuant to the Regulatory Agreements; and (ii) the Owner shall in all other respects comply with the conditions of Section 7-506.1, which authorizes the County to enter into this Agreement, and all of its obligations under this Agreement.

(2) The intention of this Agreement is that the payments in lieu of taxes shall at no time exceed the amount of taxes otherwise payable based on the annual assessment for Prince George's County real property taxes. The Owner expressly agrees and understands that any taxes, fees and or fines assessed by other agencies such as the State of Maryland, the Maryland-National Capital Park and Planning Commission, the Washington Suburban Sanitation Commission, the Washington Suburban Transit Commission, and solid waste charges and applicable fees for Bay Restoration and Clean Water (collectively, “**Other Real Estate Taxes and Fees**”) are not being deferred and are not covered under the scope of this Agreement. The Owner shall, therefore, pay all Other Real Estate Taxes and Fees and the County's real property taxes in accordance with the applicable assessment and payment requirements.

(3) Commencing from the Effective Date of this Agreement and continuing until the date the Architect issues a Certificate of Substantial Completion (“**Substantial Completion of the Project**”), all taxes based on the Prince George's County assessment are due to be paid in full on September 30th of each year. The Owner shall forward a copy of the Certificate of Substantial Completion to the County's Director of Finance and the Director of the DHCD at the addresses provided herein, within five (5) business days after issuance.

(4) Beginning with the Substantial Completion of the Project, the Project shall be exempt from paying Prince George's County real property taxes for a period of time not to exceed fifteen (15) full tax years following Substantial Completion of the Project, and ending on the earlier of fifteen (15) years from Substantial Completion of the Project, or upon an occurrence of any of the events set forth in paragraph (5)(e) below ("**Termination Date**"). The intent of this Agreement is that the Owner shall receive the benefit of the payments in lieu of taxes for the period of time not to exceed fifteen (15) full tax years from the Substantial Completion of the Project.

(5) (a) For the period from the Substantial Completion of the Project and continuing until the Termination Date, in addition to the annual payment of Other Real Estate Taxes and Fees payable September 30th of each year, the Owner shall make annual payments to the County for each tax year of: \$145.00 for each of the two-hundred fifty-two (252) completed units in the Project (\$36,540.00 annually) (the "**Annual Payment**"). The Annual Payment described in this clause (5)(a) shall be increased by three percent (3%) per year after the first full calendar year following Substantial Completion of the Project. Each Annual Payment shall be paid by September 30th of each tax year.

(b) Beginning on the Termination Date, the Project shall no longer be exempt from County real property taxes and the Owner shall commence paying the regular County real property taxes.

(c) The difference between the Project amounts paid under (5)(a) above and the amounts which would otherwise have been due prior to the Termination Date, but which are being deferred under the terms of this Agreement are referred to herein as the "**Deferred Amount**". The Deferred Amount shall be due and payable on the refinance sale or transfer of the Property if the Project ceases to be used in whole or part for the purpose set forth in this Agreement prior to the Termination Date, unless prior written consent of the County is obtained. The provisions set forth in this paragraph shall survive termination or expiration of this Agreement.

(d) Upon transfer or conveyance due to a foreclosure or a deed in lieu of foreclosure, the Project shall no longer be exempt from the County real property taxes and, as applicable, all real property taxes, including the Deferred Amount, shall be due and immediately payable to the County. The provisions set forth in this paragraph shall survive termination or expiration of this Agreement.

(e) This Agreement shall terminate upon the occurrence of any of the events set forth in (e)(i) through (e)(iv) below, and upon termination, all payments then due under this Agreement shall be paid to the County within sixty (60) days thereof:

- (i) The Property shall cease to be owned by the Owner;
- (ii) an event of default, as defined within the Regulatory Agreements, has been declared by the beneficiary of the Regulatory Agreements and remains uncured by the Owner

sixty (60) days after receiving notice of default;

(iii) The Owner, the Property or the Project shall cease to comply with the conditions of Section 7-506.1;

(iv) The Owner shall fail to make any payment hereby required as and when due, which failure continues for ten (10) business days following Owner's receipt from the County of notice of such payment failure; or

(v) The Owner shall elect to terminate this Agreement by providing written notice to the County.

(f) Documents submitted to the County and notices provided hereunder should be addressed as follows:

Director
Office of Finance
County Administration Building
14741 Governor Oden Bowie Drive
Upper Marlboro, MD 20772

Director
Department of Housing and Community Development
9200 Basil Court, Suite 500
Largo, MD 20774

(6) (a) All taxes (as applicable) shall be due and payable by September 30th of each year. All payments under this Agreement shall be subject to the same interest rate, collection and tax sale provisions of the Prince George's County Code as for the collection of County property taxes except as otherwise expressly set forth in this Agreement.

(b) If the Owner has not paid the amount due under this Agreement within one hundred and eighty (180) days after such payment is due, the County may, at its option, declare a default by providing notice of such default to the Owner and to the holders of all mortgages or deeds of trust (the "**Notice of Default**"). If within ten (10) business days of delivery of such Notice of Default, any payments that are owed have not been brought current by the Owner, the Owner's investor limited partner, or any of the Project lenders, then the County may declare all taxes, including the Deferred Amount, due as follows: the amount equal to the total Prince George's County real property taxes which would have been due from the Owner on account of the assessed value of the Improvements in the absence of this Agreement, plus all interest, if any, which shall have been charged pursuant to this Agreement, less all amounts actually paid under this Agreement. In order to enforce its rights under this paragraph after the Owner has failed to bring

its payments current within thirty (30) days of Owner receiving Notice of Default, the County may renegotiate this Agreement, foreclose or seek any other remedy available at law or in equity, including proceeding to Tax Sale. Payments due under this paragraph shall be considered a lien against the Property subordinate to the lien of the Loans. The County's delay and/or failure to provide notice within the time and manner stated herein shall not limit or be a waiver of any of its rights and remedies in law and equity.

(7) [reserved]

(8) 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.

(9) The recitals set forth above are herein incorporated as operative provisions.

(10) This Agreement shall be governed and construed in accordance with the laws of the State of Maryland, and any action for enforcement shall be brought in the Circuit Court for Prince George's County.

(11) If any clause, covenant, paragraph or provision herein shall be declared fully or partially invalid or unenforceable, the remaining clauses, covenants, paragraphs and provisions shall remain enforceable and valid to the fullest extent permitted by law.

(12) All understandings and agreements, oral or written, previously made between the parties are merged into this Agreement and this Agreement fully and completely expresses the agreement between the parties as to the PILOT. This Agreement cannot be amended, modified or terminated except by a written instrument executed by both parties hereto.

[Signature Pages Follow.]

IN WITNESS WHEREOF, WOODLANDS AT REID TEMPLE, LP, a Maryland limited partnership, has caused this Agreement to be signed in its name by its member, and PRINCE GEORGE'S COUNTY, MARYLAND has caused its name to be signed by the County Executive, or his designee representative, duly attested on this Agreement, on the day and year first hereinabove written.

WOODLANDS AT REID TEMPLE. LP
a Maryland limited partnership

By: WOODLANDS AT REID TEMPLE GP, LLC
a Maryland limited liability company
its general partner

By: APC Urban Woodlands GP, LLC, a Maryland limited liability company, its manager

By: APC Woodlands, LLC, a Maryland limited liability company, its managing member

By: _____
Kenneth Naylor, Secretary

PRINCE GEORGE'S COUNTY, MARYLAND

WITNESS

By: _____
Raymond Gilley
Deputy Chief Administrative Office for
Economic Development

STATE OF MARYLAND, CITY/COUNTY OF _____

TO WIT:

I HEREBY CERTIFY that on this ____ day of _____, 2019, before me a Notary Public of said State of Maryland the undersigned officer, personally appeared Kenneth Naylor and stated that as an officer being authorized to do so, has executed the foregoing instrument for the purposes herein contained by signing the name of Woodlands at Reid Temple LP.

AS WITNESS my hand and Notarial Seal.

Notary Public
My Commission Expires:

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

I HEREBY CERTIFY that on this ____ day of _____, 2019, before me, the Subscriber, a Notary Public of said State of Maryland, in and for Prince George's County aforesaid, personally appeared Raymond Gilley, Deputy Chief Administrative Officer for Economic Development of Prince George's County, and he acknowledged the foregoing Agreement to be the corporate act and deed of the Deputy Chief Administrative Officer for Budget, Finance, Economic Development and Administration on behalf of Prince George's County, Maryland.

AS WITNESS my hand and Notarial Seal.

Notary Public
My Commission Expires:

ATTORNEY CERTIFICATION:

I hereby certify that the foregoing Agreement for **The Woodlands at Reid Temple** was prepared by or under the supervision of the undersigned, _____, an attorney admitted to practice before the Court of Appeals of Maryland.

By: _____

EXHIBIT A

PROPERTY DESCRIPTION

DESCRIPTION
LANDS OF
REID TEMPLE AFRICAN METHODIST EPISCOPAL CHURCH, INC.
BOWIE DISTRICT NO. 14
PRINCE GEORGE'S COUNTY, MARYLAND

Being all and the same of those lands conveyed and described as Parcel II, Parcel One and Parcel II, Parcel Two in a deed dated July 5, 2013 from Forest Hill Properties SB, LLC to Reid Temple African Methodist Episcopal Church, Inc. IN TRUST for the African Methodist Episcopal Church, Inc. (hereinafter; Reid Temple) recorded among the Land Records of Prince George's County, Maryland in Liber 34947 at Folio 224 and those lands vested to Reid Temple African Meth Epis and Church Inc In Trust (LH) by a Ground Rent Redemption Certificate recorded among the said Land Records in Liber 40678 at Folio 113, said lands being now surveyed and described in the meridian of the North American Datum (NAD) 83/91 by Ben Dyer Associates, Inc. in two parts as follows:

PART ONE:

Being all and the same of Parcel II, Parcel One described in said Liber 34947, Folio 224 Beginning for same at a stone found for the westerly end of the first or South 88°15' East, 676.09 foot line of Parcel II, Parcel One of the lands of Reid Temple described in said Liber 34947, Folio 224, said line being common with the last, eleventh or South 86 degrees 47 feet [sic] 50 seconds East, 672.38 foot line of those lands conveyed by a deed dated July 24, 1984 from Wynnifred C. Shields to Wynnifred C. Shields, Trustee recorded among the said Land records in Liber 5938 at Folio 757; thence with said common line

1. North 87°28'43" East, 675.07 feet to a point; thence continuing with the second or South 00°56' East, 290.00 foot line of said Parcel II, Parcel One, in part common with the first or South 2 degrees 02 feet [sic] 50 seconds East, 173.25 foot line of said Liber 5938, Folio 757 and common with a westerly line of Lot 9 as shown on a plat of subdivision entitled "Facchina Addition to Glendale" recorded among the said Land Records in Plat Book NLP 102 as Plat No. 26
2. South 05°24'21" East, 290.05 feet, at 171.50 feet along said course passing the northwesterly corner of said Lot 9, to a point for the beginning of the third or South 88°15' East, 676.09 foot line of said Parcel II, Parcel One; thence continuing with said a portion of said third line common with a portion of the northerly line of Lot 2 as shown on a plat of subdivision entitled "Lots 1 and 2, Kyle's Addition to Glenn Dale" recorded among the said Land Records in Plat Book NLP 111 as Plat No. 16
3. South 74°53'35" West, 509.63 feet to a point for the southeasterly corner of those lands conveyed by a deed dated March 27, 2001 from Ray B. Tucker and Ruth D. Tucker to

- Thomas A. Howe and Lillian C. Becker recorded among the said Land Records in Liber 14541 at Folio 13 the same being that portion of said Parcel II, Parcel One described as “Saving and Excepting” in said Liber 34947, Folio 224; thence continuing reversely with the third or South 0 degrees 24’ East, 336.2 foot line of the said lands conveyed by Liber 14541, Folio 13 common with the now surveyed boundary of said Parcel II, Parcel One
4. North 04°28’23” West, 343.17 feet to a point; thence continuing reversely with the second or North 88 degrees 15’ East, 117.15 foot line and the first or North 62°30’ East, 126.48 foot line of those lands conveyed by said Liber 14541, Folio 13 common with the now surveyed boundary of said Parcel II, Parcel One
 5. South 83°58’43” West, 117.15 feet to an iron pipe found; and
 6. South 78°13’43” West, 126.48 feet to an iron pipe found for the beginning of the fifth or North 37°25’ East, 104.92 foot line of said Parcel II, Parcel One being on a southeasterly right-of-way line of Old Prospect Hill Road (a variable width right-of-way); thence continuing with said fifth line common with the southeasterly right-of-way of Prospect Hill Road
 7. North 33°08’43” East, 104.92 feet to the point of beginning and containing a surveyed area of 186,203 square feet or 4.2746 acres of land.

PART TWO:

Being all of Lot 2 as depicted on a plat of subdivision entitled “Lots 1 and 2, Kyle’s Addition to Glenn Dale” recorded among the said Land records in Plat Book NLP 111 as Plat No. 16, said Lot 2 being all and the same as the aggregate of those lands described as Parcel II, Parcel Two in said Liber 34947, Folio 224 and those lands vested by said Ground Rent Redemption Certificate recorded in Liber 40678, Folio 113 and being now surveyed and described by metes and bounds in the meridian of the North American Datum (NAD) 83/91 as follows:

Beginning for same at a point on a northeasterly right-of-way line of Maryland Route No. 193, locally known as Glenn Dale Boulevard (a variable width right-of-way) as depicted on State of Maryland Department of Transportation State Highway Administration State Roads Commission Plat No. 47913 and as established by a deed dated September 9, 1982 to the State of Maryland recorded among the said Land Records in Liber 5579 at Folio 588, said point being 120 feet northeasterly of and perpendicular to Station 104+00 of the Base Line of Right-of-way as shown on said Plat No. 47913; thence with said northeasterly right-of-way lines common with the southwesterly lines of Lot 2 as shown on a plat of subdivision entitled “Lots 1 and 2, Kyle’s Addition to Glenn Dale” recorded among the said Land Records in Plat Book NLP 111 as Plat No. 16

1. North 37°32’31” West, 368.33 feet to a point; and
2. North 36°09’37” West, 258.99 feet to a point at the southerly end of the second or South 15 degrees 10’ 5” East, 130.10 foot line of those lands conveyed by a Deed to Revocable Trust dated December 7, 2012 to the Sandra J. Macklin Revocable Living Trust recorded among the said Land Records in Liber 34279 at Folio 538; thence departing said right-of-way lines of Maryland Route No. 193 and continuing reversely with a portion of said second line of Liber 34279, Folio 538 common with a westerly line of said Lot 2

3. North 15°15'25" West, 120.32 feet to a point for the southwesterly corner of those lands conveyed by a deed dated March 27, 2001 from Ray B. Tucker and Ruth D. Tucker to Thomas A. Howe and Lillian C. Becker recorded among the said Land Records in Liber 14541 at Folio 13; thence continuing with the northerly line of said Lot 2 common with the southerly line of those lands conveyed by said Liber 14541, Folio 13 and common with the third line of Parcel II, Parcel One as described above
4. North 74°53'35" West, 688.31 feet to a point for the angle point in the westerly lines of Lot 9 as shown on a plat of subdivision entitled "Facchina Addition to Glendale" recorded among the said Land Records in Plat Book NLP 102 as Plat No. 26; thence continuing with the easterly lines of said Lot 2 common with a westerly line of said Lot 9
5. South 13°51'29" West, 74.63 feet to a point on the northerly right-of-way line of Facchina Place (a 60 foot right-of-way) as shown on said plat of Facchina Addition to Glendale; thence continuing with the boundary of said Lot 2 common with a portion of the northerly and the westerly right-of-way lines of said Facchina Place
6. South 87°29'10" West, 10.00 feet to a point; and
7. South 04°43'50" West, 60.48 feet to a point for the southwesterly corner of said right-of-way; thence continuing with the easterly boundary of said Lot 2, common with the westerly boundary of Lot 8 reversely thru Lot 2 as shown on said plat of Facchina Addition to Glendale
8. South 13°53'50" West, 758.58 feet to a point on a northeasterly right-of-way line of said Maryland Route No. 193; thence continuing with said northeasterly right-of-way lines common with the southwesterly lines of said Lot 2, Kyle's Addition to Glenn Dale
9. North 38°23'58" West, 2.03 feet to a point; and
10. North 28°50'52" West, 81.44 feet to the point of beginning and containing a surveyed area of 282,094 square feet or 6.4760 acres of land.