

**NEGOTIATED PAYMENTS IN LIEU OF TAXES (“PILOT”) AGREEMENT
BETWEEN
WOODLAND SPRINGS, L.P.
AND
PRINCE GEORGE’S COUNTY, MARYLAND**

THIS PAYMENTS IN LIEU OF TAXES (“PILOT”) AGREEMENT (“AGREEMENT”) is made this ____day of _____, 2015, by and between WOODLAND SPRINGS, L.P., a limited partnership formed in the State of Maryland the (“Owner”), and PRINCE GEORGE’S COUNTY, MARYLAND, a body corporate and politic (“County”).

WHEREAS, the Owner, proposes to acquire a certain parcel of land located at 6617 Atwood Street, District Heights, Prince George’s County, Maryland, as more particularly described in Schedule A that is attached hereto and herein incorporated by reference (“Property”) and commence with the renovation of the existing apartment building containing 506 units, and related facilities (the “Improvements”), to provide housing for low to moderate income residents (the Property and the Improvements being collectively referred to as the “Project” herein); and

WHEREAS, the acquisition of the Property and construction and equipping of the Project will be financed in part from tax-exempt bond financing (the “Bond Loan”) from the Community Development Administration (“CDA”), an agency in the Division of Development Finance of the Department of Housing and Community Development (“DHCD”) of the State of Maryland insured under a risk-sharing arrangement with the United States Department of Housing and Urban Development Housing Finance Agency Risk Sharing program, the investment of investor limited partner equity provided in connection with the syndication of Low-Income Housing Tax Credits (“LIHTC”) awarded by CDA a loan by CDA under its Rental Housing Works Funds program (“RHW Loan”); and a loan by DHCD under its MEEHA-EmPOWER program (“EmPOWER Loan”) (the Bond Loan, the RHW Loan and the EmPOWER Loan shall be collectively referred to herein as the “Loans”).

WHEREAS, the Owner will operate the Project for rental housing, pursuant to 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"); and (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") (the State Regulatory Agreement and the LIHTC Covenant are hereafter collectively referred to 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:

(a)(2)(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, infirmaries, child and adult day care facilities, and drug rehabilitation facilities to serve its occupants and the surrounding neighborhood, which are herein collectively referred to as "Service Facilities");

(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:

- (1) funds construction or insures its financing in whole or in part; or
- (2) provides interest subsidy, rent subsidy, or rent supplements;

(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; and

(iv) the owner of the real property:

(1) (A) agrees to continue to maintain the real property as rental housing for lower income persons under the requirements of the government programs described in paragraph (2)(ii) of this section; and

(B) agrees to renew any housing assistance payments contract or other agreement for rental subsidy or supplement; or

(2) enters into an agreement with the governing body of the county or municipal corporation to allow the entire property of 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 RHW Loan 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 ("PILOT payment(s)") of Prince George's County real property taxes upon the Property; and

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

WHEREAS, the County agrees to enter into this Agreement for PILOT payments provided that the Owner conducts and operates the Property and 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, the Owner and the County, pursuant to the power and authority of Section 7-506.1, supra, have agreed upon a formula to determine the sum payable by the Owner to the County in lieu of the payment of standard 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 date of the acquisition of the Project by the Owner ("Effective Date"), and the obligation to pay PILOT payments shall commence as set forth below in paragraph (3) and shall remain effective until the Termination Date (as defined in paragraph 5(d) below). 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). Such payments shall be made by the Owner in accordance with paragraph (3) hereof and shall be accepted by the County only as long as

- (a) the Project shall be owned and used for the provision of rental housing and related Service Facilities, including parking facilities, pursuant to the Regulatory Agreements; and
- (b) 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 shall comply with all of its obligations under this Agreement.

2) The intention of this Agreement is that the PILOT payment shall at no time exceed the amount of taxes otherwise payable based on the annual assessment for Prince George's County real property taxes. 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 addressed 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, the Maryland-National Capital Park and Planning Commission, and solid waste charges and applicable fees for Bay Restoration and Clean Water (collectively referred to as "Other Real Estate Taxes and Fees").

3) Payment. (a) Definitions. For the purposes of this paragraph, each of the following terms has its assigned meaning:

- i. "Ceiling" is the amount calculated in accordance with Schedule B which is attached hereto and incorporated herein by reference.
- ii. "Surplus Cash Flow" is defined herein to mean the same as the term "Surplus Cash" contained in the RHW Loan Deed of Trust Note between Borrower and CDA.
- iii. "Other Real Estate Taxes and Fees" has the meaning assigned to it in

paragraph (2).

(b) Commencing with the Effective Date of this Agreement, the Owner may make PILOT payments to the County in those years in which the assessed value of the County real property taxes *plus* the total value of Other Real Estate Taxes and Fees exceed the Ceiling.

(c) Calculation of PILOT Payment. If triggered, the amount for the PILOT payment will be calculated as follows:

i. *Subtract* the total value of Other Real Estate Taxes and Fees from the value of the Ceiling for that particular year as set forth in Schedule B,

ii. *Plus* after the payment of any deferred developer's fee, the Owner shall make an additional annual payment to the County that is equal to 25% of the annual Surplus Cash Flow from the operation of the Project. The additional payments required under this subparagraph will be due and payable on or before the June 30th following the end of the calendar year for which such additional payments are due.

(d) In those years in which the assessed value of the County real property taxes *plus* the total value of Other Real Estate Taxes and Fees do not exceed the Ceiling, the Owner shall pay, in full, all County real property taxes plus all Other Real Estate Taxes and Fees that are due.

4) The intent of this Agreement is the Owner shall receive the benefit of the PILOT payments, in all applicable years, beginning on the Effective Date and ending on the earlier of forty-one (41) years and nine (9) months from the Effective Date or upon an occurrence of any of the events set forth in paragraph (5)(d) below ("Termination Date").

5) (a) Beginning on the Termination Date, the Project shall no longer be subject to this Agreement and the Owner shall commence paying the regular County real property taxes.

(b) The difference between the amounts paid under paragraph 3(c)(i) and 3(c)(ii) above and the amounts of County real property taxes which would otherwise have been due prior to the Termination Date, but which are being deferred under the terms of this Agreement is referred to as the “Deferred Amount.” The Deferred Amount shall be due and payable on the refinance, sale or transfer of the Property (other than an interest rate adjustment refinancing, where there is no ownership change and there is no “cash out” to the Owner) or when the Property ceases to be used in whole or in 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.

(c) If the Property is transferred or conveyed due to a foreclosure or a deed in lieu of foreclosure, the Project shall no longer be subject to this Agreement and all real property taxes accruing thereafter shall be due and immediately payable to the County.

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

(i) The Property shall cease to be owned by the Owner or an event of default, as defined within the Regulatory Agreements, has been declared by the benefactor of the Regulatory Agreements and remained uncured by the Owner within the longer of sixty (60) days, or the applicable cure periods therein;

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

(iii) 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.

6) (a) All taxes (as applicable) shall be due and payable without penalty 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. If within thirty (30) business days of such notice, any payments that are owed have not been brought current by the Owner or any of the Project lenders, then the County may declare all taxes, which shall include 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 its 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 otherwise be deemed a waiver of its rights and remedies in law and equity.

(c) Notwithstanding anything to the contrary contained herein, the County hereby agrees that any cure of any default made or tendered by Owner's Administrative Limited Partner and/or Investor Limited Partner shall be deemed to be a cure by Owner and shall be accepted or rejected on the same basis as if made or tendered by Owner. Copies of all notices which are sent to Owner hereunder shall also be sent to Owner's Administrative Limited Partner c/o Alliant Asset Management Company, LLC at 21600 Oxnard Street, Suite 1200, Woodland Hills, California 91367, Attn: General Counsel.

7) This Agreement shall be an obligation running with the Property and may be recorded in the Land Records of the County.

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.

[Signature Page Follows]

IN WITNESS WHEREOF, WOODLAND SPRINGS, L.P., 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.

WOODLAND SPRINGS, L.P.
a Maryland limited partnership

By: Woodland Springs Developers, LLC
General Partner

By: ONY Woodland Springs, LLC
Its Manager

By: Omni New York LLC
Its Manager

WITNESS

By: _____
Eugene Schneur
Managing Director

PRINCE GEORGE’S COUNTY,
MARYLAND

WITNESS

By: _____
Thomas M. Himler
Deputy Chief Administrative Officer for
Budget, Finance and Administration

STATE OF MARYLAND, CITY/COUNTY OF _____

TO WIT:

I HEREBY CERTIFY that on this ___ day of _____, 20__, before me a Notary Public of said State of Maryland the undersigned officer, personally appeared

_____ 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 Woodland Springs, L.P.

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 _____, 20__, before me, the Subscriber, a Notary Public of said State of Maryland, in and for Prince George’s County aforesaid, personally appeared Thomas M. Himler, Deputy Chief Administrative Officer for Budget, Finance and Administration 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 and Administration on behalf of Prince George’s County, Maryland.

AS WITNESS my hand and Notarial Seal.

Notary Public
My Commission Expires:

SCHEDULE A

PROPERTY DESCRIPTION

Legal Description

BEING KNOWN AND DESIGNATED as Parcels lettered “A”, “B”, “C” and “D” in Section 4, District Heights, shown on a plat entitled “Parcels A, B, C & D, Section Four, District Heights” prepared by Ben Dyer, dated May 25, 1949, and recorded in Plat Book W.W.W. No. 16 at plat 47 of the Land Records of Prince George’s County, Maryland.

BEING KNOWN AND DESIGNATED as Parcels lettered “E”, “F”, “G” and “H” in Section 4, District Heights, shown on a plat entitled “Parcels E, F, G & H, Section Four, District Heights” prepared by Ben Dyer, dated June 20, 1949, and recorded in Plat Book W.W.W. No. 16 at plat 75 of the Land Records of Prince George’s County, Maryland.

BEING KNOWN AND DESIGNATED as Parcels lettered “J”, “K”, “L” and “M” in Section 4, District Heights, shown on a plat entitled “Parcels J, K, L & M, Section Four, District Heights” prepared by Ben Dyer, dated February 27, 1950, and recorded in Plat Book W.W.W. No. 17 at plat 74 of the Land Records of Prince George’s County, Maryland.

BEING KNOWN AND DESIGNATED as Parcels lettered “N” and “O” in Section 4, District Heights, shown on a plat entitled “Parcels N, O, P, Q & R, Section Four, District Heights” prepared by Ben Dyer, dated July 31, 1950, and recorded in Plat Book W.W.W. No. 18 at plat 3 of the Land Records of Prince George’s County, Maryland.

Property Tax Identification Numbers			
Parcel A	06 – 0471904	Parcel L	06 – 0472001
Parcel B	06 – 0471912	Parcel M	06 – 0472019
Parcel C	06 – 0471920	Remaining part of Parcel M and Parcel N	06 – 0472027
Parcel D	06 – 0471938	Parcel O	06 – 0472035
Parcel E	06 – 0471946		
Parcel F	06 – 0471953		
Parcels G & H	06 - 0471961		
Parcels J & K	06 - 0471979		