

**CDBG 2018 PIGGYBACK PROGRAM
GUARANTY AGREEMENT**

THIS GUARANTY AGREEMENT (this "**Guaranty**") is made and entered into as of _____, 2018, by [_____] a [_____] ("**Borrower**"); [_____] a [_____] (collectively, if more than one, "**Guarantor**"), to and for the benefit of the **LOUISIANA HOUSING CORPORATION**, (together with its successors and assigns "**LHC**").

PRELIMINARY RECITALS:

A. WHEREAS, the LHC has agreed to make a gap financing loan (the "**Loan**") to Borrower to finance the development, rehabilitation, replacement, restoration, and/or construction of a multifamily residential rental project, on certain immovable property in [_____] Parish, Louisiana, (the "**Land**") more fully described on **Exhibit A – Property Description** attached hereto (the "**Project**"), under and pursuant to that certain Award Acceptance Agreement dated _____, 2018 ("**Commitment Letter**"), as amended; and

B. WHEREAS, to evidence the Loan, Borrower and the LHC have entered into that certain CDBG 2018 Piggyback Program Gap Financing Loan Agreement ("**Loan Agreement**"); and

C. WHEREAS, Guarantor is a key principal of Borrower and will derive material financial benefit from the Loan; and

D. WHEREAS, the LHC has relied on the statements and agreements contained herein in agreeing to make the Loan. The execution and delivery of this Guaranty by Guarantor is a condition precedent to the making of the Loan by the LHC.

NOW, THEREFORE, intending to be legally bound, Guarantor, in consideration of the matters described in the foregoing Preliminary Recitals, which Preliminary Recitals are incorporated herein and made a part hereof, and for other good and valuable consideration the receipt and sufficiency of which are acknowledged, hereby covenants and agrees for the benefit of the LHC and its respective successors, indorsees, transferees, participants and assigns as follows:

**SECTION I
DEFINITIONS**

1.1 Definitions. Except as otherwise defined in this Article 1.1, capitalized terms used but not defined herein shall have the meanings assigned to them in the Loan Agreement. The following terms shall have the meanings ascribed thereto as set forth below:

(a) "Completion Guaranty Period": the period commencing on the date of the first disbursement of Gap Financing Loan proceeds pursuant to the Loan Agreement and ending upon the final disbursement of Gap Financing Loan proceeds pursuant to the Loan Agreement.

(b) "Default Interest Rate": the lesser of (i) the maximum rate allowed by law, or (ii) 18% per annum.

(c) **"Guaranteed Obligations"**: each and every obligation of the Guarantor under and pursuant to this Guaranty, including, without limitation, the obligations specified in Article 3 hereof.

(d) **"Loan Documents"**: means the Loan Agreement; CDBG 2018 Piggyback Program Mortgage, Assignment of Leases and Rents, and Security Agreement; the CDBG 2018 Piggyback Program Gap Financing Note; the CDBG Regulatory Agreement, and any other document by and between Borrower and the LHC evidencing or securing the Loan.

(e) **"Non-Operating Expenses"**: all expenses and costs of the Borrower other than Operating Expenses. Non-Operating Expenses may not be paid from the operating account until the Annual Installment has been calculated and remitted to LHC. Non-Operating Expenses shall include, without limitation: any and all costs of developing the Project; deferred developer fee; asset management fees and investor service fees (except as expressly stated herein); tax credit adjusters; income taxes of the Borrower; distributions or payments to persons or entities having an Identity of Interest relationship with the Borrower; deposits to reserve accounts and escrow accounts (other than deposits specifically approved in advance, in writing by LHC); business travel expenses other than for front-line staff of the Project; payments on any loans other than the Senior Loan; repayments of advances or loans, including those to pay Operating Deficits; payments to the management agent (other than the property management fee and other payments specifically approved in advance, in writing by LHC); payments not directly related to, or on behalf of, the Project; and payments to the Borrower (other than payment specifically approved in advance, in writing by LHC).

(f) **"Operating Deficit"**: for any relevant period, the excess of Operating Expenses (or a portion thereof) plus the payment of principal and interest due and payable on the Gap Financing Loan over the Borrower's cash revenues of every kind from the operation of the Project for such fiscal period (excluding loans made to Borrower for payment of an Operating Deficit, extraordinary cash proceeds and capital contributions, and excluding amounts drawn from a reserve account).

(g) **"Operating Deficit Guaranty Period"**: the period commencing on the first day in which Operating Expenses are incurred and ending when the Project has generated positive Surplus Cash for two (2) consecutive fiscal years.

- a. Provided, however, if the Guarantor is an organization exempt from payment of federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended ("**Code**"), and as an entity organized under Section 501(c)(3) of the Code, the guaranty period is the shorter of (a) the period commencing on the first day of the first full fiscal year of the Borrower following completion of construction of the Project and ending when the Project has generated positive Surplus Cash for two (2) consecutive fiscal years, or (b) five (5) years from the date that the Project first achieves "break-even operations". Each Guarantor's obligations shall be capped at an amount equal to "six (6) months" of Operating Expenses. For purposes of this section, "break-even operations" mean the date upon which (i) the Project achieves ninety-five percent (95%) occupancy, and (ii) the revenues received from the normal operation of the Project equal all accumulated operational costs of the Project for a period of three (3) consecutive months after completion of construction computed on a cash basis and in accordance with the Loan Documents.

(h) **"Operating Expenses"**: all cash costs and cash expenses of every kind and character which the Borrower incurs in connection with the operation of the Project (excluding principal and interest due and payable under the Loan and those Loan expenses previously accrued), and all operating

costs and expenses of the Project that must be accrued monthly (including property taxes and insurance premiums based upon the completed Project full assessed value). The following costs shall be considered Operating Expenses:

- i. amounts required by LHC to be allocated to any reserve account, including replacement reserve deposits and other LHC permitted or required reserves, to the extent that LHC has provided its prior written consent to such deposit as to the amount and use of such reserves (as further detailed herein);
- ii. all capital expenditures (without regard to source of funding), except to the extent that such amounts were withdrawn from a reserve, in which case such withdrawn amounts shall be included as cash in the computation of Surplus Cash;
- iii. deposits to and withdrawals from escrow accounts for the purposes of paying taxes and insurance premiums, provided such deposits do not accrue more than one year of estimated tax or insurance costs;
- iv. casualty proceeds, to the extent that they are used to pay actual costs related to repairs or replacements due to a casualty; however, any proceeds received for casualties shall be included as cash in the computation of Surplus Cash;
- v. the property management fee in an amount not to exceed six percent (6%) of the effective gross income of the Project;
- vi. Administrative expenses, utility expenses, operational and maintenance expenses, and taxes and insurance expenses that are reasonable and necessary in order to operate the Project; and
- vii. any construction loan interest accrued prior to the placed in service date shall be considered a development cost and therefore is a Non-Operating Expense. Subsequent to the placed in service date, any new construction loan interest will be considered an Operating Expense. In other words, any accrued and unpaid interest on the construction loan prior to the placed in service date shall not be considered an Operating Expense.

Depreciation, amortization and any other non-cash items shall not be considered Operating Expenses.

(i) **Surplus Cash:** any cash (excluding tenant security deposits) remaining at the end of each fiscal year of the Borrower after payment of all Operating Expenses for the Project for such fiscal year.

ARTICLE 2 REPRESENTATIONS AND WARRANTIES

The Guarantor makes the following representations and warranties which shall be continuing representations and warranties until this Guaranty terminates in accordance with the provisions contained herein:

2.1 Existence and Rights. Each Guarantor is a person of majority and sound mind and body; or an entity duly organized under the laws of the State of [_____] without limitation as to the duration of its existence and is in good standing thereunder. Each Guarantor has powers and adequate authority, rights and franchises to own its property and to carry on its business as now owned and carried on, and is duly qualified and in good standing in each jurisdiction in which the property owned by it or the business conducted by it makes such qualification necessary, and each Guarantor has the power and adequate authority to make and carry out this Guaranty.

2.2 Guaranty Authorized and Binding. The execution, delivery and performance of this Guaranty is duly authorized and does not require the consent or approval of any governmental body or other regulatory authority; is not in contravention of, or in conflict with, any law or regulation or any term or provision of the organizational documents of the Guarantor; and this Guaranty is a valid and legally binding obligation of each Guarantor enforceable in accordance with its terms.

2.3 No Conflict. The execution and delivery of this Guaranty is not, and the performance of this Guaranty will not be, in contravention of, or in conflict with, any agreement, indenture or undertaking to which any Guarantor is a party or by which any Guarantor or any of the Guarantor's property is or may be bound or affected and does not, and will not, cause any security interest, lien or other encumbrance to be created or imposed upon any such property.

2.4 Litigation. Except as otherwise disclosed to the LHC in writing, there is no litigation or other proceeding pending or, to the best of any Guarantor's knowledge, threatened against, or affecting, any Guarantor or the Guarantor's properties which, if determined adversely to any Guarantor, would have a materially adverse effect on the financial condition, properties, businesses or operations of any Guarantor, or which prevents or interferes with or adversely affects any Guarantor's entering into this Guaranty or the validity of this Guaranty or the carrying out of the terms hereof and no Guarantor is in default with respect to any order, writ, injunction, decree or demand of any court or other governmental or regulatory authority.

2.5 Financial Condition. Each Guarantor's financial statements, which have heretofore been submitted in writing by the Guarantor to the LHC or the LHC's credit underwriter in connection herewith, are true and correct in all material respects as of the date thereof, and fairly present the financial condition of the Guarantor for the period covered thereby. Since the date of said financial statements, there has been no materially adverse change in the Guarantor's financial condition. The Guarantors have no knowledge of any material liabilities, contingent or otherwise, as of the date of their respective financial statements (and as of the date hereof) which are not reflected in said financial statements; and, other than in the ordinary course of any Guarantor's business, the Guarantors have not entered into any commitments or contracts which are not reflected in its financial statements or which may have a materially adverse effect upon any Guarantor's financial condition, operations or business as now conducted.

2.6 Solvency. The Guarantors are not Insolvent (defined below) as of the date hereof and the execution and delivery of this Guaranty will not (a) render any Guarantor insolvent under generally accepted accounting principles nor render any Guarantor Insolvent, (b) leave any Guarantor with remaining assets which constitute unreasonably small capital given the nature of the Guarantor's business, and/or (c) result in the incurrence of Debts (defined below) beyond the Guarantor's ability to pay them when and as they mature. For the purposes of this Section, "**Insolvent**" means that the present fair salable value of assets is less than the amount that will be required to pay the probable liability on existing Debts as they become absolute and matured. For the purposes of this Section, "**Debts**" includes any legal liability for indebtedness, whether matured or unmatured, liquidated or unliquidated, absolute or fixed.

2.7 Financial or Other Benefit or Advantage. Each Guarantor hereby acknowledges and warrants that each Guarantor has derived or expects to derive a financial or other benefit from the Project.

SECTION 3 GUARANTEED OBLIGATIONS

3.1 Operating Deficits Guaranty. Each Guarantor hereby covenants and agrees solidarily to advance, on the terms set forth below, the funds required to fund any and all Operating Deficits incurred by the Borrower during the Operating Deficit Guaranty Period, within 120 days following the end of each fiscal year during the Operating Deficit Guaranty Period. If the Borrower anticipates the need to request any Guarantor to make a payment under this Guaranty to fund an Operating Deficit, the Borrower will promptly notify the Guarantors, in writing, with a copy to the LHC of the amount of such Operating Deficit (with sufficient supporting documentation to evidence the need to make a payment under this Guaranty). Prior to expiration of the 120-day period, the Guarantors shall promptly provide the Borrower with funds sufficient to pay the amount of such Operating Deficit and promptly upon receipt of such funds, the Borrower shall pay the Operating Expenses causing such Operating Deficit. Notwithstanding the foregoing, the LHC may submit a request directly to the Guarantors (with a copy of such request to Borrower), on behalf of the Borrower, to make a payment under this Guaranty upon making a determination of the existence of an Operating Deficit. It is the intention of the parties that in the event that Surplus Cash is negative at the end of any project fiscal year, Guarantors shall fund at least the amount of such Surplus Cash deficit pursuant to the terms of this Guaranty.

(a) Failure of the Borrower to provide such a request and/or notice to the LHC or the failure of any Guarantor to pay such Operating Deficit, shall neither impair nor reduce the Guarantors' obligation to pay the amounts due hereunder upon direct demand by the LHC. Upon approval of such request of the Borrower by the LHC, and payment of such Operating Deficit by the Guarantor, the same shall be credited towards the amounts due by Guarantors under this Guaranty.

(b) Guarantor acknowledges that any advances made pursuant to Section 3.1 shall be unsecured debt of the Borrower and shall not be payable as an Operating Expense of the Project.

(c) The Operating Deficit Guaranty shall terminate upon the expiration of the Operating Deficit Guaranty Period. The termination of the Operating Deficit Guaranty does not, in any way, relieve or affect the Guarantors' Guaranteed Obligations arising prior to the expiration of the Operating Deficit Guaranty Period, and does not affect Guarantor's Guaranteed Obligations arising under Sections 3.2 and 3.3 hereof.

3.2 Completion Guaranty. Each Guarantor hereby covenants and agrees solidarily to guaranty any Loan proceeds advanced during the construction of the Project, and each Guarantor absolutely, unconditionally, and irrevocably guarantees:

(a) the full, complete and punctual completion of the Project free of any claim from mechanics', materialmen's or any other liens, and in accordance with (1) all applicable laws, (2) substantially in accordance with the plans and specifications, and (3) the time periods and other requirements set forth in the Loan Documents, including, without limitation, the following:

- i. To perform, complete and pay for (or cause to be performed, completed and paid for) the construction of the Project and to pay all costs of said construction (including any and all cost overruns) and all other costs associated with the

construction of the Project (including, without limitation, the costs of any architects' and engineers' fees), if Borrower shall fail to perform, complete or pay for such work;

- ii. If any mechanics' or materialmen's liens should be filed, or should attach, with respect to the Project by reason of the construction of the Project, to immediately cause the removal of such liens, or post security against the consequences of their possible foreclosure and procure an endorsement(s) to the title policy insuring the LHC against the consequences of the foreclosure or enforcement of such lien(s);
- iii. If any conditional vendor's liens or any liens, encumbrances or security interests whatsoever should be filed, or should attach, with respect to the personal property, fixtures, attachments and equipment delivered upon the Project and owned by Borrower, attached to the Project or used in connection with the construction, to immediately cause the removal of such lien(s); and
- iv. To pay the premiums for all policies of insurance required to be furnished by Borrower pursuant to the Loan Documents during the construction if such premiums are not paid by Borrower; and

(b) the full and prompt payment of any Enforcement Costs (as hereinafter defined in Section 4.7 hereof).

3.3 Obligations under the Loan Agreement. Each Guarantor hereby covenants and agrees solidarily to guaranty any Loan proceeds recoverable from such Guarantor under Section 4.1 of the Loan Agreement. Such guaranty binds Guarantor for the repayment of any portion of the Indebtedness equal to any loss or damage suffered by the LHC as a result of:

(a) failure of Borrower to pay to the LHC upon demand after an Event of Default, all rents, revenues and profits from the operation of the Project to which the LHC is entitled under the Mortgage, and the amount of all security deposits collected by Borrower from tenants then in residence;

(b) failure of Borrower to apply all insurance proceeds and condemnation proceeds as required by the Loan Documents;

(c) failure of Borrower to comply with the requirements in the Mortgage relating to the delivery of books and records, statements, schedules and reports;

(d) failure to apply rents, revenues and profits, first, to the payment of reasonable operating expenses (other than Property management fees that are not currently payable) and then to Debt Service Amounts due, except that Borrower will not be personally liable (i) to the extent that Borrower lacks the legal right to direct the disbursement of such sums because of a Senior Mortgage encumbering the Project, or bankruptcy, receivership or similar judicial proceedings, or (ii) with respect to Surplus Cash distributed in any calendar year if Borrower has paid all operating expenses and Debt Service Amounts due for that calendar year; or

(e) failure of Borrower to pay all deductibles required under any of the insurance policies required to be maintained under the Loan Agreement;

Additionally, Guarantor is bound to repay all of the Indebtedness due from Borrower upon the occurrence of any of the following:

- (a) misappropriation of Loan proceeds by Borrower;
- (b) fraud or any written material misrepresentation by Borrower or any officer, agent, director, partner, member or employee of Borrower in connection with the Application, the Loan Documents, or any request by the LHC;
- (c) Borrower's acquisition of any property or operation of any business not permitted by the Mortgage; or
- (d) Transfer that is an Event of Default under the Mortgage or the Loan Agreement.

3.4 Nature of Guaranteed Obligations. This is a guaranty of payment and performance only, and, except for the obligations listed in Section 3.3, not of collection, and the Guaranteed Obligations hereunder shall be absolute, independent and unconditional under any and all circumstances.

3.5 Payments. The Guarantors shall not be credited for the funding of any of the Guaranteed Obligations payable to Borrower unless the required payment is received by Borrower in immediately available funds and is made by such Guarantor after a demand made by the LHC or Borrower pursuant to this Guaranty. Each Guarantor agrees that whenever the Guarantor shall pay any amount to Borrower hereunder on account of the liability hereunder, the Guarantor will deliver such payment to Borrower at the address provided in Section 6.1 below and notify Borrower in writing that such payment is made under this Guaranty for such purpose, with a copy to the LHC of such evidence of payment and notice.

3.6 Financial Statements. Each Guarantor covenants and agrees to provide the LHC, within one hundred fifty (150) days after the end of each fiscal year of Guarantor, with financial statements (audited, if available), including a balance sheet, an income statement, a statement of changes in financial position and such other statements as may be required by the LHC, prepared in accordance with generally accepted accounting practices consistently applied and certified as true and complete in all material respects by the Guarantor or an officer of the Guarantor or, if required by the LHC, a certified public accountant. In the event that a certified public accountant selected by Guarantor submits a calculation to the LHC that is determined to contain an error resulting in a difference of greater than five percent (5%) from the calculation proven to be accurate by the LHC, the LHC shall have the right to demand that Guarantor select a new certified public accountant for any future submissions. Each Guarantor further covenants and agrees to immediately notify the LHC of any material adverse change in the Guarantor's financial condition.

SECTION 4 ENFORCEMENT OF GUARANTEED OBLIGATIONS

4.1 Third Party Beneficiary. The parties hereto acknowledge that the LHC is entitled to enforce this Guaranty directly against the Guarantors at any time. The LHC is also entitled to enforce any security agreements, additional guaranties or other collateral now or hereafter securing this Guaranty at any time against the person or entity providing such security.

4.2 Further Assurances. The Guarantors will, at their expense, execute, acknowledge and deliver all such further documentation, instruments and assurances and the like and take all such further

action as the LHC shall reasonably require in order to carry out the intentions or facilitate the provisions of this Guaranty.

4.3 Obligations Absolute. The Guaranteed Obligations shall remain in full force and effect without regard to, and shall not be affected or impaired by the following, any of which may be taken without the consent of, or notice to, the Guarantors, nor shall any of the following give any Guarantor any recourse or right of action against the LHC:

(a) Any delay, exercise or non-exercise by the LHC of any right or privilege under this Guaranty;

(b) Any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to the Guarantors (which term shall include any other party at any time directly or contingently liable for any of the Guaranteed Obligations) or any affiliate of the Guarantors, or any action taken with respect to this Guaranty by any trustee or receiver, or by any court, in any such proceeding, whether or not the Guarantors shall have had notice or knowledge of any of the foregoing;

(c) Any assignment or other transfer of this Guaranty in whole or in part;

(d) Any acceptance of partial funding of the Operating Deficit Guaranty;

(e) Any release or discharge of the Borrower or any general partner/managing member from any of its obligations; and

(f) Any subordination, compromise or release of any or all of the property or other collateral, if any, securing the Guaranteed Obligations, or any substitution with respect thereto.

4.4 Dealings with Parties. The LHC shall have complete discretion, without giving notice to or obtaining the consent of the Guarantors, the Borrower and each other person or entity who now is or after the date hereof becomes liable in any manner for any of the Guaranteed Obligations, in such manner as the LHC shall decide, and accordingly each Guarantor grants to the LHC full authority, in its sole discretion, whether before or after termination of this Guaranty, to do any and all of the following, without limiting the generality of the foregoing: extend credit, make loans and afford such financial accommodation to the Borrower or any general partner/managing member at such times, in such amounts and on such terms as the LHC may approve; vary the terms or alter, compromise, accelerate and grant extensions or renewals of time or manner of payment of any present or future Guaranteed Obligations, assign or transfer this Guaranty or any other instrument evidencing or securing the Guaranteed Obligations in whole or in part; vary, exchange, release or discharge, wholly or partially, the Borrower or any general partner/managing member or any other guarantor or obligor of the Guaranteed Obligations, and compromise or make any settlement or other arrangement with the Borrower, any general partner/managing member and/or any other guarantor, and if the Guaranteed Obligations are now or hereafter secured, exchange, substitute or release in part or in full all of the security given for the payment and performance of any of the Guaranteed Obligations.

4.5 Independent and Separate Obligations. The Guaranteed Obligations are independent of any obligation of the Borrower or any general partner/managing member, and, in the event of any default hereunder, a separate action or actions may be brought and prosecuted against any Guarantor whether or not the Guarantor is the alter ego of the Borrower, any general partner/managing member, or

any other guarantor. The LHC's rights hereunder shall not be exhausted until the conditions to termination in Section 6.5 below have been satisfied.

4.6 Setoff. The LHC shall have a right of setoff against, and each Guarantor hereby grants a security interest in, all moneys, securities and other property of the Guarantor now or hereafter in the possession of the LHC. Such right is in addition to any right of setoff the LHC may have by law. All rights of setoff may be exercised without notice or demand to the Guarantor. No right of setoff shall be deemed to have been waived by any act or conduct on the part of the LHC, or by any neglect or failure to exercise such right of setoff, or by any delay in doing so. Every right of setoff shall continue in full force and effect until specifically waived or released by an instrument in writing executed by the LHC.

4.7 Expenses. The Guarantors agree to pay all reasonable costs and expenses, including reasonable legal fees, which may be incurred by the LHC in any effort to collect or enforce any of the Guaranteed Obligations of any Guarantor hereunder, whether or not any lawsuit is filed, including, without limitation, all reasonable costs and legal fees incurred by the LHC in any bankruptcy proceeding (including, without limitation, any action for relief from the automatic stay of any bankruptcy proceeding) and in any judicial or nonjudicial foreclosure action ("**Enforcement Costs**").

SECTION 5 WAIVERS

5.1 Waivers. Each Guarantor unconditionally waives any defense to the enforcement of this Guaranty other than payment or performance, including, without limitation:

(a) All presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of this Guaranty;

(b) Any right to require the LHC to proceed against the Borrower or any other guarantor at any time, or to proceed against or exhaust any security held by the LHC at any time, or to pursue any other remedy whatsoever at any time;

(c) Any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to the Borrower or the Guarantors or any affiliate of the Borrower or the Guarantors or any action taken with respect to this Guaranty by any trustee or receiver, or by any court, in any such proceeding, whether or not the Guarantor shall have had notice or knowledge of any of the foregoing;

(d) Any right any Guarantor might have, under Louisiana law, to revoke this Guaranty, it being the intention of the Guarantors that this Guaranty remain in full force and effect until termination, as provided herein;

(e) Any defense based upon an election of remedies by the LHC, including, without limitation, any remedies which destroy or impair the subrogation rights of any Guarantor to the Borrower or any general partner/managing member for reimbursement or both; and

(f) Any duty of the LHC to advise the Guarantors of any information known to the LHC regarding the financial condition of the Borrower or any general partner/managing member and all other circumstances affecting the ability of the Borrower or any general partner/managing member to

perform its obligations to the LHC, it being agreed that each Guarantor assumes the responsibility for being and keeping informed regarding such conditions or any such circumstances.

5.2 Subrogation. Notwithstanding any other provision of this Guaranty to the contrary, until all Guaranteed Obligations in favor of the LHC hereunder shall have been paid or performed in full, each Guarantor hereby agrees that in any action, pending action or threat to enforce this Guaranty, it shall not bring as a defense or claim any right which the Guarantor may now have or hereafter acquire against any other guarantor of all or any of the Guaranteed Obligations, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification, any right to participate in any claim or remedy of the LHC against the Borrower, any general partner/managing member or any Guarantor or any collateral which the LHC now has or hereafter acquires, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, by any payment made hereunder or otherwise, including, without limitation, the right to take or receive from the Borrower, any general partner/managing member or any Guarantor, directly or indirectly, in cash or other property or by set off or in any other manner, payment or security on account of such claim or other rights. Nothing in this Section 5.2 is to be interpreted as waiving the LHC's right to enforce this Guaranty, and to secure judgment, solidarily against any Guarantor.

5.3 Additional Waivers. The Guarantors shall not be released or discharged, either in whole or in part, by the LHC's failure or delay to (a) perfect or continue the perfection of any lien or security interest in any collateral which secures the obligations of the Borrower, or (b) protect the property covered by such lien or security interest.

5.4 Bankruptcy No Discharge; Repayments. So long as any of the Guaranteed Obligations shall be owing to the LHC, the Guarantors shall not, without the prior written consent of the LHC, as applicable, commence or join with any other party in commencing any bankruptcy, reorganization or insolvency proceedings of or against the Borrower or any general partner/managing member. Each Guarantor understands and acknowledges that by virtue of this Guaranty, the Guarantor has specifically assumed any and all risks of a bankruptcy or reorganization case or proceeding with respect the Borrower and any general partner/managing member. As an example and not in any way of limitation, a subsequent modification of the Guaranteed Obligations in any reorganization case concerning the Borrower or any general partner/managing member shall not affect the obligation of the Guarantor to pay and perform the Guaranteed Obligations in accordance with their respective original terms. If a claim is ever made upon the LHC for repayment of any amount or amounts received by the LHC in payment of the Guaranteed Obligations (whether or not all or any part of such payment is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid by the LHC) and the LHC repays all or any part of said amount, then, notwithstanding any revocation or termination of this Guaranty or the cancellation of any other instrument evidencing the Guaranteed Obligations, each Guarantor shall be and remain liable to the LHC for the amount so repaid by the LHC, to the same extent as if such amount had never originally been received by the LHC.

5.5 Subordination. So long as any of the Guaranteed Obligations remain unpaid or undischarged, each Guarantor agrees that any and all claims it may have against the Borrower or any general partner/managing member shall be and hereby are subordinated to the Guaranteed Obligations and all other claims of the LHC against the Borrower or any general partner/managing member. Any indebtedness of the Borrower or any general partner/managing member to any Guarantor shall be collected and received by the Guarantor as trustee for the LHC and be paid over to the LHC on account of the indebtedness of the Guarantor to the LHC, upon demand by the LHC. Notwithstanding the foregoing, so long as no Event of Default shall exist hereunder or under any of the Loan Documents, and no event has occurred which with the passage of time or the giving of notice would constitute a default hereunder

or under any of the Loan Documents, each Guarantor and/or its affiliates shall be entitled to receive any fees or other payments specifically provided for in the Borrower's Organizational Documents.

SECTION 6 MISCELLANEOUS

6.1 Notices. All notices and other communications to be made or permitted to be made hereunder shall be in writing and shall be delivered to the addresses shown below or to such other addresses that the parties may provide to one another in accordance herewith. Such notices and other communications shall be given by any of the following means: (a) personal service; or (b) national express air courier, provided such courier maintains written verification of actual delivery. Any notice or other communication given by the means described in subsection (a) or (b) above shall be deemed effective upon the date of receipt or the date of refusal to accept delivery by the party to whom such notice or other communication has been sent.

the LHC: Louisiana Housing Corporation
2415 Quail Drive
Baton Rouge, Louisiana 70808

with a copy to: Baker Donelson
450 Laurel Street, 20th Floor
Baton Rouge, Louisiana 70801
Attention: Amanda Spain

Borrower:

with a copy to:

Guarantor(s):

with a copy to:

with a copy to:

with a copy to:

Construction Loan Mortgagee:

with a copy to:

Investor:

with a copy to:

6.2 Amendments; Successors. Neither this Guaranty nor any term hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought, subject to the prior written consent of the LHC. All of the terms of this Guaranty shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Guarantors shall not have the right to assign any of the Guarantor's rights or Guaranteed Obligations. All remedies of the LHC are cumulative. When the context in which the words are used in this Guaranty indicates that such is the intent, words in the singular number shall include the plural and vice-versa. If any one or more of the provisions of this Guaranty should be determined to be illegal or unenforceable, all other provisions shall remain effective. No delay or failure by the LHC to exercise any remedy against any Guarantor will be construed as a waiver of that right or remedy. If more than one person or entity executes this Guaranty as a Guarantor, the Guaranteed Obligations hereunder shall be joint and several.

6.3 Assignability by the LHC. The LHC may, at any time and from time to time, assign, conditionally or otherwise, all of the rights of the LHC under this Guaranty, whereupon such assignee shall succeed to all rights of the LHC hereunder to the extent that such rights may be assigned to it. The LHC may give written notice to the Guarantors of any such assignment, but any failure to give, or delay in giving, such notice shall not affect the validity or enforceability of any such assignment.

6.4 Demands. Each demand by the LHC for performance or payment hereunder shall be in writing and shall be made in the manner set forth in Section 6.1. Interest shall accrue at the Default Interest Rate on all sums not paid by the Guarantor to the LHC within ten (10) days after demand.

6.5 Term. The Guaranteed Obligations under this Guaranty and any instrument which grants collateral to secure such obligations shall continue in full force and effect until the Guarantors have fully performed all of the Guaranteed Obligations and paid all other amounts payable hereunder in accordance with the terms of this Guaranty and the period of time has expired during which any payment received by the LHC hereunder or any act performed by the Guarantors may be determined to be a preferential or fraudulent transfer under the United States Bankruptcy Code or other similar applicable laws.

6.6 Governing Law/Consent to Jurisdiction. This Guaranty shall be governed by and construed in accordance with the laws of the State of Louisiana applicable to contracts entered into and entirely to be performed therein. Each Guarantor hereby irrevocably submits and consents to the jurisdiction of the courts of the State of Louisiana and of the United States District Court for the district in East Baton Rouge Parish in connection with any action, suit or other proceeding arising out of or relating to this Guaranty or any action taken or omitted hereunder, and waives personal service of any summons, complaint or other process and agrees that the service thereof may be made by certified or registered mail directed to the Guarantor at the address for purposes of notices hereunder. If any Guarantor, so served, should fail to appear or answer within the time prescribed by law, then the Guarantor shall be deemed in default and judgment may be entered against the Guarantor for the amount or other relief as demanded in any summons, complaint or other process so served. Each Guarantor agrees that a final judgment in any such action, suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

6.7 Complete Agreement. This Guaranty supersedes any prior negotiations, discussions or communications between any Guarantor and the LHC and constitutes the entire agreement between the LHC and the Guarantors with respect to the Guaranteed Obligations.

6.8 Counterparts. This Guaranty may be executed in one or more counterparts, each of which taken together shall constitute one and the same instrument.

6.9 Advice of Counsel. The Guarantors represent and acknowledge to the LHC that the Guarantors have consulted with their attorneys regarding the terms and conditions and waivers set forth in this Guaranty. The Guarantors' attorneys have advised the Guarantors of the true legal consequences of each waiver set forth in this Guaranty, including the rights the Guarantors would have in the absence of such waivers.

6.10 Waiver of Jury Trial. BY EXECUTING THIS GUARANTY, the LHC AND THE GUARANTOR KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THEIR RIGHTS OR THE RIGHTS OF THEIR HEIRS, ASSIGNS, SUCCESSORS OR PERSONAL REPRESENTATIVES TO A TRIAL BY JURY, IF ANY, IN ANY ACTION, PROCEEDING OR SUIT, WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE, AND WHETHER ASSERTED BY WAY OF COMPLAINT, ANSWER, CROSSCLAIM, COUNTERCLAIM, AFFIRMATIVE DEFENSE OR OTHERWISE, BASED ON, ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS GUARANTY OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT TO BE EXECUTED IN CONNECTION HERewith OR WITH THE INDEBTEDNESS OR THE RENEWAL, MODIFICATION OR EXTENSION OF ANY OF THE FOREGOING OR ANY FUTURE ADVANCE THEREUNDER. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE LHC'S EXTENDING CREDIT TO THE BORROWER AND NO WAIVER OR LIMITATION OF THE LHC'S RIGHTS HEREUNDER SHALL BE EFFECTIVE UNLESS IN WRITING AND MANUALLY SIGNED ON THE LHC'S BEHALF.

Each Guarantor acknowledges that the above paragraph has been expressly bargained for by the LHC as part of the Loan and that, but for the Guarantors' agreement thereto, the LHC would not have extended the Loan secured by this Guaranty.

[SIGNATURE PAGES FOLLOW]

**COUNTERPART SIGNATURE PAGE FOR
GUARANTY AGREEMENT**

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed and delivered by his duly authorized representatives as of the date first set forth above.

WITNESSES:

GUARANTOR:

Print: _____

By: _____
Name: _____

Print: _____

NOTARY PUBLIC

Print Name: _____
Bar Roll/Notary No.: _____
My Commission Expires: _____

**COUNTERPART SIGNATURE PAGE FOR
GUARANTY AGREEMENT**

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed and delivered by his duly authorized representatives as of the date first set forth above.

WITNESSES:

GUARANTOR:

Print: _____

By: _____
Name: _____

Print: _____

NOTARY PUBLIC

Print Name: _____
Bar Roll/Notary No.: _____
My Commission Expires: _____

**COUNTERPART SIGNATURE PAGE FOR
GUARANTY AGREEMENT**

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed and delivered by his duly authorized representatives as of the date first set forth above.

WITNESSES:

GUARANTOR:

Print: _____

By: _____
Name: _____

Print: _____

NOTARY PUBLIC

Print Name: _____
Bar Roll/Notary No.: _____
My Commission Expires: _____

**COUNTERPART SIGNATURE PAGE FOR
GUARANTY AGREEMENT**

IN WITNESS WHEREOF, the Borrower has caused this Guaranty to be executed and delivered by its duly authorized representatives as of the date first set forth above.

WITNESSES:

BORROWER:

[_____], a

Print: _____

By: _____

Print: _____

By: _____

NOTARY PUBLIC

Print Name: _____

Bar Roll/Notary No.: _____

My Commission Expires: _____

**COUNTERPART SIGNATURE PAGE FOR
GUARANTY AGREEMENT**

IN WITNESS WHEREOF, the LHC has caused this Guaranty to be executed and delivered by its duly authorized representatives as of the date first set forth above.

WITNESSES:

LOUISIANA HOUSING CORPORATION

Print Name: _____

By: _____
Name:
Title: Executive Director

Print Name: _____

NOTARY PUBLIC

Print Name: _____
Bar Roll/Notary No.: _____
My Commission Expires: _____

EXHIBIT A
PROPERTY DESCRIPTION