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NYCHA-REQUIRED PROVISIONS FOR ORGANIZATIONAL DOCUMENTS

This following language is required to be inserted into the governing organizational documents for the project owner's sole member, managing member or general partner, as applicable, or another upper tier entity that controls the owner, as determined by NYCHA.

"REMOVAL EVENT" PROVISIONS

The [Controlling Entity] shall serve until its resignation, except that, subject to the terms of the Financing Documents and/or regulatory agreements entered into by Owner, or to the extent that the exercise of the following rights would not result in a removal event or default (as applicable) under any of the foregoing documents, the NYCHA Member shall have the right to remove [Developer Member] as the [Controlling Entity] upon the occurrence of any Removal Event, provided, such Removal Event has continued beyond any applicable notice and cure period. Each of the following events is a "**Removal Event**":

- (a) Bad Conduct with respect to the Company or the Project;
- (b) any Transfer not approved by the NYCHA Member or otherwise permitted herein;
- (c) willfully taking any action constituting a NYCHA Approval Matter without the prior consent of the NYCHA Member;
- (d) if, in any single instance, ten percent (10%) or more of the RAD Units and Section 18 Units in the aggregate (following completion of the initial Housing Quality Standards repairs to be performed by the Owners within approximately five (5) months of the Closing Date, to the extent required) are in long-term suspension under the HAP Contract due to extended noncompliance with the Housing Quality Standards;
- (e) failure to comply with and subsequent failure, after notice thereof, to correct instances of non-compliance with the Lease Agreement, the RAD Requirements, the PBV Requirements, the Control Agreement or the PACT Principles provided that such failure has a material adverse effect on the operation of the Project;
- (f) If the [Developer Member], its members or Affiliates are subject to or engaged in litigation, HUD enforcement actions, or similar enforcement matters that have a material adverse effect on the operation of the Project.
- (g) failure to complete the Construction of each Project as contemplated by the Construction Schedule subject to extensions for Force Majeure as allowed by the applicable Lease Agreement and the Financing Documents without a plan to remedy such failure that is acceptable to NYCHA in its reasonable discretion.

Prior to removal for a Removal Event set forth above, the NYCHA Member shall provide notice of a Removal Event to the [Controlling Entity] and [Controlling Entity] shall have _____ days to cure such Removal Event, unless it cannot reasonably be cured within such ___-day period, in which case such ___-day period shall be extended to the extent reasonably necessary as

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determined by the NYCHA Member, but in no event longer than ___ days. Furthermore, prior to removal for a Removal Event based upon Bad Conduct, it shall be determined by arbitration in the County in which the Project is located, pursuant to the commercial arbitration rules then in effect of the American Arbitration Association, that [Developer Member] has committed Bad Conduct with respect to the Company or the Project. While Arbitration is pending to determine whether a Bad Conduct was committed, [Developer Member] shall not be permitted to take any action on behalf of the Company or distribute any Net Cash Flow without prior approval from NYCHA Member. In the event the arbitrator determines that [Developer Member] has committed Bad Conduct, [Developer Member] shall pay all expenses of such arbitration including the attorneys' fees of the [Controlling Entity] and the Company (the "**Arbitration Expenses**"). In the event the arbitrator determines that [Developer Member] has not committed Bad Conduct, NYCHA Member shall pay all Arbitration Expenses. Notwithstanding the foregoing, if either HUD or the Lenders provide written notice to the Owner requiring removal of the [Controlling Entity], then arbitration shall not be required prior to removal for a Removal Event.

In the event of [Developer Member]'s removal as [Controlling Entity] in accordance with this Agreement, [Developer Member] shall forfeit its right to actively participate in the direction, vote, and control of the Company; NYCHA Member shall have the full right, power and authority to make all decisions and take any and all actions on behalf of the Company in a manner otherwise consistent with the terms of this Agreement; all actions of the NYCHA Member taken on behalf of the Company following the removal of [Developer Member] as [Controlling Entity] shall be binding on the Company and the NYCHA Member shall have the right to elect a replacement [Controlling Entity] without the consent of [Developer Member].

"NYCHA APPROVAL MATTERS" PROVISIONS

The [Controlling Entity] shall have responsibility for the day-to-day operations of the Project, subject to the consent of the NYCHA Member with respect to the major decisions (the "**NYCHA Approval Matters**"). The NYCHA Approval Matters shall include approvals over decisions affecting residents' rights, the implementation of the RAD Requirements, the PBV Requirements, the Control Agreement, the PACT Principles and the long-term affordability of the Project, and as follows:

- (a) Cause the Company to guarantee any obligations of any Person;
- (b) Transfer, pledge, hypothecation of the Project or any interest in or portion of the Project or any interest in a subsidiary of the Company, except as provided herein or as set forth in the Financing Documents;
- (c) adoption and/or material modification of the Construction Budget or incurring any construction expenditures exceeding 10% above the amount budgeted in the aggregate in the Construction Budget, except to the extent funded by Member Loans as otherwise approved herein, provided that the [Controlling Entity] shall have complied with Section ___(e) hereof;
- (d) intentionally omitted;

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(e) adoption and/or modification of the annual operating budget for the Company and the Project in accordance with the Control Agreement, or incurring any operating expenditures exceeding 115% of the amount budgeted in the aggregate in the annual operating budget; provided, however, that if NYCHA Member and [Developer Member] cannot agree on an annual operating budget, the prior year's budget will be adopted with a 4% escalation or the annual OCAF rate, whichever is greater;

(f) selection of the Lender(s) and the credit enhancement provider to the Project and the terms and conditions of any financing for the Project, which approval shall not be unreasonably withheld, conditioned or delayed;

(g) selection of the development team, including, without limitation, the architect, general contractor, engineer for the Projects (the "**Development Team**"), provided that the Members agree that the following are approved as part of the Development Team: (i) _____ as architect of record, (ii) _____ as general contractor (the "**General Contractor**"), (iii) the Management Agent and (iv) _____, as developer (the "**Developer**").

(h) establishing working capital or other reserves for the Company or any subsidiary, other than as required by a Lender(s);

(i) all major elements of the design, plans and specifications of the Projects;

(j) intentionally omitted;

(k) approval and adoption of the form of lease, tenant screening process, and tenant selection method and any modification thereof for the Project, in compliance with the RAD Requirements, the PBV Requirements, the Control Agreement, and the PACT Principles;

(l) the identity of any community facility tenant and the terms and conditions of any community facility leases;

(m) entering into any transaction with an Affiliate of the [Controlling Entity] (other than the General Contractor, the Developer, and the Management Agent);

(n) approval and/or material modification of the Property Management Plan, provided that the Management Plan dated _____, 20__ has been approved by NYCHA;

(o) incurring any indebtedness other than in the ordinary course of business in excess of \$100,000 and not including Member Loans as otherwise approved;

(p) except for Member Loans, entering into, modifying or amending in any manner any loan for the Project after the Closing Date for each Project that would substantially increase the liability of the Company (except as permitted in Section ___(o)) or impose any personal liability on any Member;

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(q) the filing of a voluntary Bankruptcy or consenting to any involuntary Bankruptcy of the Company or any Company Subsidiary, or taking any other action which would cause the Bankruptcy of the Company or any Company Subsidiary;

(r) acquisition on behalf of the Company or any Company Subsidiary of any material assets unrelated to the Project other than in the ordinary course of business;

(s) amendment or termination of the certificate of formation, limited liability company agreement or other organizational document relating to any Company Subsidiary, or approval of any change in the identity of any [Controlling Entity], manager, special member or director of any Company Subsidiary;

(t) sale, transfer or assignment of the Project or any part thereof other than in accordance with the terms hereof;

(u) merge, combine or consolidate the Company with any other Person;

(v) causing or permitting any Company Subsidiary to take any action that, if taken by the Company, would constitute a NYCHA Approval Matter;

(w) approval of Member Loans not required to fund obligations of the Company;

(x) except for the Construction in accordance with the Plans and Specifications, any structural alteration, structural improvement or structural addition to either Project the cost of which exceeds \$100,000 per year per Project unless NYCHA Member has approved such, in writing and in advance, which approval shall not be unreasonably withheld, conditioned or delayed and which approval will be deemed granted if written disapproval is not received within thirty (30) days of the [Controlling Entity]'s request. Notwithstanding anything to the contrary, the [Controlling Entity] may, without the prior written consent of the NYCHA Member, undertake alterations, improvements or additions to the Project that in the opinion of the governmental authorities having jurisdiction over the Project or reasonable opinion of the [Controlling Entity] are immediately necessary to ensure the health and safety of the residents of the Project or are required in order to maintain the Project as decent housing for the tenants thereof; provided that in such event [Controlling Entity] shall notify the NYCHA Member within five (5) days of commencing such emergency work.

(y) any action having a material adverse impact on the affordability of the Project or the Project's continued eligibility for the PILOT;

(z) taking actions or causing the Company to take actions that would impair or interfere with NYCHA's Additional Development Rights, Landlord's Excess FADR, or Landlord Development Action as such terms are defined in the Lease Agreement; and

(aa) entering into any agreement to do any of the foregoing.

USE RESTRICTION PROVISIONS

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Use Restriction Requirements. Notwithstanding any other clause or provision in this Agreement and so long as the RAD Use Agreement or the HUD Declaration is in effect, the following provisions shall apply:

(a) If any of the provisions of this Agreement conflict with the terms of the RAD Use Agreement, the provisions of the RAD Use Agreement shall control. If any of the provisions of this Agreement conflict with the terms of the HUD Declaration, the provisions of the HUD Declaration shall control.

(b) The provisions in this Section __ are required to be inserted into this Agreement by HUD and may not be amended without HUD's prior written approval. If there is a conflict between any of these HUD-required provisions and any other provision of this Agreement, the terms of these HUD-required provisions will govern. If there is a conflict between the RAD Use Agreement or these HUD-required provisions relating to the Rental Assistance Demonstration and any HUD-required provisions relating to mortgage insurance provided in connection with the National Housing Act, the more restrictive provisions shall control.

(c) Neither the Company nor any Member shall have any authority to:

(1) Take any action in violation of the RAD Use Agreement, HUD Declaration or PILOT; or

(2) Fail to renew the HAP Contract upon such terms and conditions applicable at the time of renewal when offered for renewal by NYCHA or HUD.