

WHEREAS, on November 28, 2006, Oxford Commons Limited Partnership converted itself into Preiss-Steele Place Housing, Inc.

WHEREAS, Preiss-Steele Place Housing, Inc. desires to sell the Property to [New Owner] and to assign all of its rights, title and interests in the Loan Documents as modified herein;

WHEREAS, [New Owner] desires to assume all of Preiss-Steele Place Housing, Inc.'s rights, obligations, and interests in the Loan Documents, as modified herein;

WHEREAS, the City will permit said assignment and assumption upon the terms and conditions expressed herein; and

WHEREAS, [New Owner] and the City have agreed to modify the terms and conditions of the Loan Documents as set forth below.

NOW THEREFORE, in consideration of the foregoing recitals, the indebtedness, the mutual covenants contained herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, [New Owner] and the City agree as set forth hereinafter, and, with respect to the Deed of Trust, the Substitute Trustee executes this Agreement as evidence of his consent to such Agreement:

1. **Conditions Precedent.** Each of the following is a condition precedent to the City's obligations under this Agreement:

(a) Receipt and approval by the City of: (i) the executed original of this Agreement; and (ii) any other documents and agreements which are required pursuant to this Agreement or which the City has requested pursuant to this Agreement;

(b) [New Owner] has received approval of payment terms for the North Carolina Housing Finance Agency's Rental Production Program loan that are no more favorable than the payment terms of the Loan, as modified herein.

2. **Balance Due on Note.** The City represents and Preiss-Steele Place Housing, Inc. and [New Owner] acknowledge and agree that, as of the date hereof, the outstanding principal balance of the Note as of the date hereof is \$ _____.

3. **Assignment.** Preiss-Steele Place Housing Inc. hereby transfers, sets over, and assigns to [New Owner] all of Preiss-Steele Place Housing Inc.'s right, title, and interest in and to the Loan Documents and all of its responsibilities, liabilities, and obligations thereunder, and [New Owner] hereby accepts the same.

4. **Assumption of Obligation and Agreement to Pay.** [New Owner] hereby assumes the Loan evidenced by the Loan Documents as modified herein and agrees to repay to the City, its successors and assigns, all of the indebtedness evidenced by the Note and to be bound by the obligations evidenced by the Loan Documents. The execution of this Agreement by [New Owner] shall be deemed its execution of the Note, Deed of Trust and other Loan Documents. [New Owner] agrees to make all other payments, and assume all other obligations, in connection with the Loan and the Loan Documents, accruing from and after the date hereof. The City and [New Owner] agree to execute and deliver such further instruments and documents

and do all matters and things which may be convenient or necessary to more effectively and completely carry out the provisions of this Agreement/

5. **Release.** As of the date first above written, Preiss-Steele Place Housing Inc. shall be released from all liabilities and obligations to the City under any and all of the Loan Documents, including without limitation, any payment obligations under the Note and other monetary obligations under the Loan Documents.

6. **Modification of Loan Documents.**

The Loan Documents are hereby modified as follows:

(a) Payments of principal shall be made to the City and North Carolina Housing Finance Agency (“NCHFA”) (which will provide a Rental Production Program loan (the “RPP Loan”) to [New Owner] in the amount of up to One Million and No/100 Dollars (\$1,000,000.00) for the rehabilitation of the Property) pro rata based on the principal amount of the Loan and the RPP Loan. Such payments shall be made on a pro rata basis from the net operating income of the Property with combined payment amounts based on the lesser of a loan payment equal to the payment based on a 30 year amortization with a 0% interest rate or a payment which maintains a debt coverage ratio of 1.15. [New Owner] shall provide an audited financial statement to the City which sets forth the information for the calculation of the debt service coverage ratio.

(b) The first Loan payment shall be made on or before April 1, 2015, and subsequent payments shall be made or before April 1 of each year.

(c) All outstanding principal and accrued interest, if any, shall be due and payable on or before December 31, 2044 (the “Maturity Date”).

(d) The term of the Loan shall be extended through the Maturity Date.

(e) The interest rate during the term of the Loan, as modified, shall be zero percent (0%).

(f) The affordability restriction in the Loan Documents is revised from requiring One Hundred Two (102) units on the Property being made available for rent by households with incomes of sixty percent (60%) or less of the Durham area medium income to requiring eighty-two (82) units on the Property to be made available for rent by households with incomes of sixty percent (60%) or less of the Durham area medium.

(g) [New Owner] hereby confirms that, except as modified hereby, the Loan Documents are ratified and confirmed and shall remain in full force and effect.

(h) This Agreement is not a novation; rather, it constitutes a modification of the terms of an existing contractual relationship between the parties and is not intended as a cancellation of the original debt or the creation of a new debt. The parties to this instrument ratify and confirm the terms of the Loan Documents, as modified by this Agreement.

7. **Authority.** [New Owner] represents, warrants and covenants that it has full power, authority and legal right to execute this Agreement and to keep and observe all of the terms of this Agreement on its part to be observed or performed.

8. **Amendment.** This Agreement, and all of the documents referred to herein, may not be modified, amended, changed or terminated orally, but only by an agreement in writing executed by [New Owner] and City.

9. **Priority of Lien of Deed of Trust.** The Deed of Trust shall have a first priority lien against the Property.

10. **Binding Effect.** The provisions of this Agreement shall be binding on the parties, their heirs, successors and assigns.

11. **Ratification of Prior Acts.** Except as expressly modified hereby, the Note, the Deed of Trust and Loan Agreement and all of their terms and provisions are hereby ratified and confirmed.

12. **Effective Date.** The effective date of this Agreement shall be the earliest to occur the date all of the conditions precedent defined above have been met (the "Effective Date").

13. **Counterparts.** This Agreement may be executed simultaneously in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

14. **Severability.** The invalidity or unenforceability of any one or more phrases, sentences, clauses, sections, or articles contained in this Agreement shall not affect the validity or enforceability of the remaining portions or any part thereof.

15. **Governing Law.** This Agreement has been executed and shall be performed in the State of North Carolina and, notwithstanding any principles of conflicts of laws, the internal laws of the State of North Carolina shall govern and control the validity, interpretation, performance, and enforcement of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered under seal by authority duly given by the duly empowered officers, partners or managers, all as of the date first above written.

PREISS-STEELE PLACE HOUSING, INC.

By: DRAFT_____

STATE OF NORTH CAROLINA

COUNTY OF DURHAM

I, a Notary Public of said County and State, certify that _____ personally came before me this day and acknowledged that he is the President of Preiss-Steele Place Housing, Inc. a North Carolina non-profit corporation, and that he, as President being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official stamp or seal, this ____ day of _____, 2013.

Notary Public

CITY OF DURHAM:

By: DRAFT
Thomas J. Bonfield, City Manager

STATE OF NORTH CAROLINA

COUNTY OF DURHAM

I, _____, a notary public in and for said county and state, certify that Thomas J. Bonfield personally appeared before me this day, and acknowledged that he is Manager of the City of Durham, a municipal corporation, that by authority duly given and as the act of the City, the foregoing Loan Modification Agreement was signed in its corporate name by the Manager.

Witness my hand and official stamp or seal, this ____ day of _____, 2013.

Notary Public

My commission expires: _____

(Seal)

[NEW OWNER]

By: DRAFT
_____, Manager

STATE OF NORTH CAROLINA

COUNTY OF DURHAM

I, a Notary Public of said County and State, certify that _____ personally came before me this day and acknowledged that he is the _____ of [New Owner] , a North Carolina limited liability company, and that he, as Manager being authorized to do so, executed the foregoing on behalf of the company.

Witness my hand and official stamp or seal, this ____ day of _____, 2013.

Notary Public

My commission expires: _____

(Seal)

SUBSTITUTE TRUSTEE:

_____ (SEAL)

STATE OF NORTH CAROLINA

COUNTY OF _____

I, _____, a Notary Public in and for said county and state aforesaid, do hereby certify that _____ personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal this _____ day of _____, 2013.

Notary Public

My commission expires:

[Seal]